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## LEGISLATIVE HISTORY

Public Law 86-799  
S. 2917

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May 16, 1960	Rep. Johnson, Wis., introduced and discussed H. R. 12238 which was referred to the House Agriculture Committee. Print of bill and remarks of Rep. Johnson.
June 7, 1960	Sen. Proxmire discussed and inserted portions of testimony before Senate committee on S. 2917.
June 15, 1960	Senate committee reported S. 2917 with amendment. S. Report No. 1592. Print of bill and report.
June 18, 1960	Senate passed over S. 2917 at the request of Sen. Hart.
June 20, 1960	House subcommittee voted to report H. R. 12238 to the full committee with amendment (substituting the language of S. 2917).
	Summary of S. 2917 as reported by the Senate committee.
June 28, 1960	Senate passed over S. 2917.
Aug. 19, 1960	Senate passed S. 2917 as reported.
Aug. 22, 1960	S. 2917 was referred to the House Agriculture Committee.
Aug. 23, 1960	House committee passed over H. R. 12238 and S. 2917.
Aug. 26, 1960	House committee voted to report (but did not actually report) S. 2917.
Aug. 29, 1960	House committee reported S. 2917 without amendment. H. Report No. 2182). Print of bill and report.
Aug. 30, 1960	House Rules Committee reported a resolution for the consideration of S. 2917. H. Res. 636. H. Report No. 2208.
Aug. 31, 1960	House passed S. 2917 without amendment.
Sept. 16, 1960	Approved: Public Law 86-799
	Statement by the President when signing S. 2917.



## DIGEST OF PUBLIC LAW 86-799

PRICE SUPPORT LEVEL FOR MILK AND BUTTERFAT. Amends the Agricultural Act of 1949 so as to fix the price-support level, for the period beginning September 16, 1960, and ending March 31, 1961, of milk for manufacturing purposes and of butterfat at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively. (The Agricultural Act of 1949, as amended, required the Secretary to support prices to producers for milk and butterfat at such levels from 75 to 90 percent of parity as would assure an adequate supply. The announced support prices for the 1959-60 marketing year were \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat.)



# DAIRY PRICE SUPPORTS FOR 1960

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HEARINGS  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON  
AGRICULTURE AND FORESTRY  
UNITED STATES SENATE  
EIGHTY-SIXTH CONGRESS  
SECOND SESSION



ON

**S. 2917**

A BILL TO ESTABLISH A PRICE SUPPORT LEVEL FOR  
MILK AND BUTTERFAT

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MAY 19 AND 20, 1960

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Printed for the use of the Committee on Agriculture and Forestry



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# DAIRY PRICE SUPPORTS FOR 1960

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THURSDAY, MAY 19, 1960

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,  
MARKETING, AND STABILIZATION OF PRICES OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., room 324, Old Senate Office Building, Washington, D.C., Senator William Proxmire presiding.

Present: Senators Proxmire and Aiken.

Also present: Senator Prouty and Representative Johnson of Wisconsin.

Senator PROXMIRE. The Senate Committee on Agriculture and Forestry will come to order.

The bill this morning is S. 2917, and without objection I will put into the record a copy of the bill and a copy of the letter from the Department of Agriculture to the chairman of the full committee, Senator Ellender.

(S. 2917 and letter referred to follow:)

[S. 2917, 86th Cong., 2d sess.]

A BILL To establish a price support level for milk and butterfat

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (c) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended, is further amended by adding the following new sentence to be inserted immediately after the first sentence:

"Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 22, 1960.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry  
U.S. Senate.

DEAR SENATOR ELLENDER: This replies to your request of February 4 for a report on S. 2917, a bill to amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted immediately after the first sentence:

"Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

This Department recommends that the bill not be enacted.

It is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions.

The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The announced support prices for the 1959-60 marketing year are \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices are 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. Further progress has been made toward closing the gap between production and consumption in commercial outlets. It has been necessary, however, to buy substantial quantities of dairy products during the year. It is estimated that the total purchases for the marketing year will contain about 2 percent of the milkfat and 9 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses. These price support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by schoolchildren and military personnel.

Market prices of some dairy products rose above the CCC buying prices in the last 5 months of calendar year 1959. For the first 9 months (April-December) of the 1959-60 marketing year, the actual prices received by farmers averaged \$3.22 a hundredweight for manufacturing milk and 59.6 cents a pound for butterfat. This is the level that the bill seeks to maintain throughout the 1960-61 marketing year.

On January 8 the Department announced that the present support program for milk and butterfat would be continued through the 1960-61 marketing year. There is reasonable prospect that market conditions again will keep prices above the support level during part of the year. If market demand will not result in such a higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Senator PROXMIRE. First I will call on the ranking minority member of the committee, Senator Aiken, for a statement.

#### STATEMENT OF HON. GEORGE D. AIKEN, A U.S. SENATOR FROM THE STATE OF VERMONT

Senator AIKEN. Mr. Chairman, I was glad to join you in sponsoring this bill which provides for an extremely modest increase in the support price for manufacturing milk. In fact, the increase requested is so modest that it only amounts to 3 or 4 cents a hundred pounds at the present time. But it does guarantee that in the future the price could not go below \$3.22 a hundred pounds, which was the average price paid for manufacturing milk last year, and which no one can claim is an exorbitant price.

The enactment of this bill, however, will have some effect on the morale of farmers, and particularly those small- and medium-sized dairy farmers who are wondering whether they can continue in business if they are constantly faced with the threat of still lower prices which conceivably could result.

We have seen, Mr. Chairman, a steady drop in the net income of our farm people in this country. We have seen thousands of them drop



out of farming altogether. This is not good for the country, neither the drop in farm income nor the drop in the number of farmers themselves. And while their income has been dropping, there has been a steady increase in the cost of producing farm commodities and particularly dairy products.

Now, it is all right for anyone to say there has only been a 4- or 5-percent increase in the cost of production. That just is not so, and every dairyman knows it, because his big increase in cost of production comes in the capital investment which is necessary today as compared with the capital investment which was necessary for a dairyman 20 or even 10 years ago. He has to have all these things that cost money, and even money costs more today than it used to. So this talk of a 4-percent increase in the cost of producing dairy products today is all nonsense.

While the farm income has been going down, we have seen the net earnings of the big dairy companies of this country, the dealers, producers, and handlers, increasing quarter after quarter. I believe the last report of the National Dairies show that they again made record earnings, and they have shown that almost every quarter now for the last 4 or 5 years.

I use them as an example, but it applies to the other large dairy companies as well. They are making unprecedented profits, and it seems to me only fair that we should at least undertake to keep farm income from dropping. Actually, the farmer is entitled to a substantial increase in his earnings over what he is getting at the present time.

There is another point. The public is constantly demanding milk and dairy products of higher quality, not only as regards cleanliness, but as regards flavor as well. The dairy farmer today attends schools, learning what diets to feed his cows so that the production will have the best flavor. You don't see butter or cheese or milk on the market today of poorer quality than what we had 20 or 25 years ago. We have gone a long way toward eliminating disease which used to be spread through the use of dairy products. It is pretty well conquered now. But the public is still demanding higher and higher quality in their dairy products, and this means that the farmers have got to make higher and higher investments and incur higher and higher costs of production.

When we ask for a 3- or 4-cent increase in the guaranteed price for manufactured milk, we are really asking for so little that it does not make too much difference. But nevertheless, it is a guarantee that the price would not again drop to \$2.80 or \$2.85 a hundred pounds, as it was not too many years ago.

So I cannot urge the adoption of this legislation too earnestly. It is almost a must, I would say, if America is to continue to get adequate supplies of milk, butter, cheese, and other dairy products of the quality which they are now demanding.

Senator PROXMIRE. Thank you very much, Senator Aiken.

I think it is very significant that the ranking Republican member of this committee and former chairman of this committee and an outstanding expert on agriculture in America has taken such a vigorous and forthright position in favor of it.

Incidentally, I am very proud of the cosponsorship of this bill. It includes six members of this committee, including Senator Aiken,

Senator Humphrey, Senator Symington, Senator Young of North Dakota, Senator Mundt, myself as well as Senator Kennedy, Senator McCarthy, Senator Wayne Morse, Senator Carlson, Senator Magnuson, Senator Jackson, and the distinguished junior Senator from Vermont, who is here this morning, Senator Wiley, and Senator Hennings.

I have a very short statement I would like to put in the record at this point before I call on the Senator from Vermont, and my good friend and colleague, the champion of Wisconsin dairy farmers, Mr. Johnson.

**STATEMENT OF HON. WILLIAM PROXMIRE, A U.S. SENATOR FROM  
THE STATE OF WISCONSIN**

Senator PROXMIRE. This bill, S. 2917, to provide a more just income for dairy farmers, will cost the Government very little. It will greatly increase the seriously depressed income of dairy farmers throughout the Nation. It will do so in a sound and responsible way.

The bill would provide an increase in the price support level from \$3.06 per hundredweight for manufacturing milk to \$3.22, and from 56.6 cents per pound for butterfat to 59.6 cents. These price supports would still not exceed the market price. I think that is still the case.

This bill merits the thoughtful consideration of the Senate for these reasons:

1. After 7 years of a grinding squeeze between falling prices for his milk, and rising costs, the dairy farmer has at last worked off the surplus. Not 1 pound of butter and only small quantities of cheese, dried milk, or any other dairy product remain in storage today in the warehouses of the Commodity Credit Corporation.

2. The prices received for their milk have dropped almost 25 percent in the past 8 years. At the same time the dairy farmer has suffered a very sharp rise in both the cost of living and all the costs of operating his farm.

3. The sheer economic injustice of the dairy farmer's position is shown in the statistics published by the Department of Agriculture, which show that in America's dairyland, Wisconsin, the average farmer, allowing a 4-percent return on his invested capital, earns less than 60 cents per hour, including the value of food produced and consumed on the farm. At the same time, the true cost to the average consumer in terms of the amount of time he must work at his job to earn enough to buy a quart of milk has continued to fall.

In 1914, it took the average worker 22.9 minutes to earn the price of a quart of milk. By 1929 it took him 15.3 minutes. In 1947 it took him 9.5 minutes. By 1959, the typical worker, earning a countrywide average wage, could buy a quart of milk with the proceeds from 6.8 minutes of work. This is great. The farmer can and will continue to provide milk for less and less work. But the rate and timing of this reduction is all important. It is the difference between justice and gross injustice for the farmer.

4. This bill is a modest proposal, as the senior Senator from Vermont has said. The economic condition of the dairy industry would justify a much higher support level.

In 1953, when conditions facing dairy farmers were similar, the Department of Agriculture, under the identical law in effect today,



established a support price which was 68 cents per hundredweight higher than the present level.

I want to document that for just a minute by pointing out that on January 8, 1960, the Secretary announced that the support prices for manufacturing milk and butterfat are being continued at \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound for butterfat.

In the same release, the Secretary stated that the average price received by farmers for butterfat so far in the current marketing year is 59.6 cents per pound, 3 cents above support, and the price for manufacturing milk is \$3.22 per hundredweight, 16 cents above support.

The proposed legislation would provide a price support level of \$3.22 for manufacturing milk, the same figure which the Secretary indicated represents the current market price level.

The Secretary also announced that the 1960 support rates are about 77 percent of the parity equivalent price for manufacturing milk, based on parity prices as announced on December 30, 1959. This, he stated, continues the percentage of parity level of support currently effective.

If the parity equivalent for manufacturing milk were based on 88 percent of the parity price of all milk sold wholesale, as announced December 30, \$3.06 would represent 70.5 percent of parity. As we all know, 88 percent was the parity equivalent used for a number of years up to a couple of years ago—\$3.06 on that basis would represent 70.5 percent of parity, far less than the law in fact requires.

The parity equivalent based on 80.2 percent of the parity price of all milk wholesale, as announced December 30, means that \$3.06 represents 77.5 percent of that parity equivalent. The proposed level of \$3.22 would represent 81.5 percent of that parity equivalent.

Under the proposed legislation, if purchases are about the same, the cost to Commodity Credit Corporation would be an additional \$15 million. But dairy farmers would benefit by an additional \$179 million in receipts.

I see the distinguished junior Senator from Vermont is here. He is next on the list.

Senator AIKEN. I might say, I think your estimate of \$15 million cost to the Federal Government is high, because the enactment of this legislation, I believe, would automatically make it unnecessary for the Federal Government to spend that money. I don't think the cost would be anything.

Senator PROXMIRE. Thank you. I am being as conservative as I can be on this.

Senator AIKEN. I notice you are getting rather conservative.

Senator PROXMIRE. The junior Senator from Vermont.

## STATEMENT OF HON. WINSTON L. PROUTY, A U.S. SENATOR FROM THE STATE OF VERMONT

Senator PROUTY. I appreciate this opportunity to appear before you to present a statement as a cosponsor of S. 2917, a bill to establish a price support level for milk and butterfat. I wish to speak not only on behalf of the farmers of Vermont but the entire Nation.

As you all know, the bill provides for an increase in the price-support level from \$3.06 per hundredweight to \$3.22 for milk used for manufacturing purposes, and from 56.6 cents per pound for butterfat to 59.6 cents per pound. The level of support proposed in the bill will not exceed market prices and therefore will result in very little, if any, increase in cost to the Government.

Through this proposed legislation, dairy farmers are not seeking special treatment, nor have they sought special treatment in existing farm legislation. Farmers have traditionally been responsive to our country's needs. They have clearly demonstrated their willingness and ability to produce the food and fiber that our people need at all times. When called upon for extra efforts to produce for a war economy, or for a peacetime era, our farmers have never failed us. They have asked only a fair and reasonable price for their commodities.

Unfortunately, we have not always repaid the farmers in kind. We have asked them for extra production in times of emergency and, too often, we have penalized them for that extra production, once the emergency has passed. In no field has this been more true than in the dairy industry. Dairy farmers have been diligent in making adjustments that had to be made as a result of the high production demanded of them a few years back. Currently milk production is in better balance with market outlets available than for most major agricultural products. Dairy farmers have at least temporarily stabilized their market supplies of milk.

As of May 4, 1960, the total uncommitted inventory of dairy products held by the Commodity Credit Corporation consisted of about 151 million pounds of dried milk. Again this is on concrete evidence that dairy farmers have made a sincere effort to bring supplies of dairy products within reasonable balance with market requirements.

But what has happened to farm prices of fluid milk and butterfat?

Since 1952, the average wholesale price received by farmers for all milk dropped more than 18 percent. The average price received for butterfat has dropped about 22 percent. During this same 7-year period, the retail price paid by consumers for milk has increased nearly 10 percent.

While the retail price of milk has been increasing, the farmer's share of the retail price has been decreasing. In 1952 the farmer's share of the retail price was 51 percent. In 1959 it was only 43 percent, a decrease of 8 percent during the 7-year period.

This widening spread between what the farmer gets and what the consumer pays for dairy products is highlighted further by other statistics published by the Department of Agriculture.

In 1959 an urban worker's family of three paid \$195 for the same quantity of dairy products, milk, butter, cheese and ice cream, that it bought in 1952 for \$191. But farmers in 1952 received \$100 for these dairy products as compared with only \$88 in 1959. Processors and distributors, however, increased their take for their services from \$90 in 1952 to \$107 in 1959.

Even though retail prices of dairy products have been increasing, dollar for dollar, dairy products are the best buy on the housewife's shopping list.

In the past 30 years, the real cost of milk to a factory worker in terms of worktime required to purchase a quart of milk has dropped



more than one-half. In 1929 it required the earnings of 15 minutes' factory work to purchase a quart of milk at retail. In 1947 the cost of a quart of milk had dropped to 10 minutes of factory labor, and in 1959 it took the earnings of less than 7 minutes' factory labor to buy a quart of milk at retail. This is indeed an impressive record. However, consumers today are able to purchase milk at such relatively low prices largely because the farmer's share of the retail price has been constantly shrinking over the past 7 years.

Another important point that should be noted is that farm production costs, including interest, taxes, and farm wage rates as of April this year are the highest on record. As a result of falling farm prices for milk and these increasing production costs, returns per hour to farm operators for their labor and managerial ability have been unreasonably low in recent years.

A recent Department of Agriculture study allowing a 5-percent return on invested capital indicates that the average dairy farmer in Wisconsin receives about 57 cents per hour for his labor and managerial effort, including the value of food produced and consumed on the farm. What other workers today accept such a low return for services rendered or work performed?

In consideration of the total dairy situation in the country today, I feel that this bill, S. 2917, should receive the support of this committee and should be enacted into law. It is a fair bill, fair both to producers and consumers. It proposes reasonable price-support levels which are not in excess of current market prices. It will assure farmers of prices at least equal to current average market prices of butterfat and milk used for manufacturing.

It is not enough that market prices are expected to continue to maintain the present average level. With production costs increasing as they have in recent years and with milk supplies in good balances with market outlets, I believe dairy farmers should be assured a minimum of \$3.22 per hundred pounds for their milk which is used for manufacturing purposes, and not less than 59.6 cents per pound for butterfat.

I therefore sincerely hope that this bill will receive favorable action by the committee.

That completes my statement, Mr. Chairman. And I appreciate the opportunity to be present.

Senator PROXMIRE. Senator Aiken, any questions?

Senator AIKEN. No.

Senator PROXMIRE. Thank you for a very fine statement.

The next witness is Congressman Lester Johnson from the Ninth District of Wisconsin, a good friend and colleague of mine and a man who has done a fine job for the people of his district.

#### STATEMENT OF HON. LESTER R. JOHNSON, REPRESENTATIVE IN CONGRESS FROM THE NINTH CONGRESSIONAL DISTRICT OF WISCONSIN

Mr. JOHNSON. Senator Proxmire, I consider it is a pleasure to reciprocate. You came over and supported my bill in the House, and I would like to do the same thing for you in the Senate.

I would like to thank you and the members of this subcommittee for giving me the opportunity to appear in support of S. 2917, which

would increase the price-support levels to \$3.22 per hundredweight for manufacturing milk and 59.6 per pound for butterfat. I have introduced a similar bill, H.R. 12238, in the House. And I might say, when the overall farm bill was being reported out by the House Agriculture Committee, I offered my dairy price-support proposal as an amendment. I did not get it adopted, but I think we have laid the groundwork for favorable consideration when we come to report my dairy-support bill out as a separate bill. We are going to be holding hearings on it very shortly in the House.

I might also say at this time that shortly after I came to Congress, our senior Senator from Wisconsin introduced me to Senator Aiken, and ever since that time I have found that a Republican Senator from Vermont and a Democratic Congressman from Wisconsin can work together on dairy legislation and get along very well.

Senator AIKEN. We are trying to get your prices up on a level with ours, but we never want our prices to go down to yours.

Mr. JOHNSON. I agree with that, Senator.

Senator AIKEN. I think we had better work from the angle of raising your prices.

Mr. JOHNSON. That is very good.

It is true that milk and butterfat have been selling above the present support price of \$3.06 for milk and 56.6 cents for butterfat. However, with dairying going into the flush season, the price trend is again heading downward.

In February of this year, farmers were receiving \$3.26 for milk and 59.2 cents for butterfat. That is for manufacturing milk and butter. April figures show farmers receiving \$3.17 for milk and 58.7 cents for butterfat.

For several years the dairy industry has been faced with increasingly severe price and supply problems. Production has moved to new high levels, and domestic consumption has fallen off.

Mr. Chairman, income of dairy farmers has declined each year for the past 8 years, while farm operating costs have risen steadily, setting new records year by year. Under the regime of Secretary Benson and President Eisenhower, the support price for dairy products has been slashed from 90 to 77 percent of parity. During this same period, the price received by farmers for their milk dropped almost 25 percent, while the cost of family living items has gone up 6 percent. The result has been a devastating cost-price squeeze which has forced many hundreds of thousands of dairy farmers out of business. In some of the major dairy-producing areas, farm families have been putting in as much as 3,300 hours of labor a year and an investment of some \$32,000 in plant and equipment to earn an hourly wage rate of 56 cents an hour.

I think the Senator was talking about that when I came in.

Senator AIKEN. The Senator from Wisconsin had it 60 cents, you have got it down to 56 cents. It is dropping every minute.

Senator PROXMIRE. I rounded that figure. Again I wanted to be conservative.

Senator AIKEN. I would not be surprised if this had dropped 4 cents an hour while we have been sitting here.

Mr. JOHNSON. We probably have several experts in the industry who are working with those figures all the time, and they are going to testify later, and maybe they can give us the exact figure.



Senator PROXMIRE. We say less than 60 cents per hour, and so do you.

Mr. JOHNSON. That is right.

The dairy industry is made up of some 1,200,000 farmers and over 10,200 creameries, milk-drying plants, condenseries and other processing and distributing firms. These dairy plants are vital industries in their home communities, employing more than 250,000 workers and carrying an annual payroll of more than \$500 million. They all make an important contribution to our national economy and deserve a fair return on their labor and investment. And I might add that I feel this is not enough of a raise to give the dairy farmer, but I think it is the best we can get this late in the session.

I was talking with the president of one of our farm organizations in Wisconsin last night, and I asked him how much this increase in your bill would mean to the dairy farmers of Wisconsin. He said it would mean an increase of from \$18 to \$20 million in the income of farmers of Wisconsin alone.

If the cost of this proposal is, as Senator Proxmire estimated, \$15,000 and it is going to increase the income of the farmers of Wisconsin by \$18 to \$20 million, when you think in terms of the increase in income to all the farmers in the United States, it is worth trying.

Mr. Chairman, in these days of ever-increasing world tensions, we have a powerful instrument for goodwill in the products of our dairy farms. The children's milk program has been most successful in bringing nutritious milk to children in our own schools. But we have not licked the problem of the hungry and ill-fed people in our own country, and we have made only a beginning in sharing our food with the underprivileged peoples abroad.

The familiar CARE packages have brought nutrition and comfort to countless peoples in the free world. Schoolchildren in many foreign countries are learning what milk is through the school milk program operated under Public Law 480. We all remember too well the concern last November when the Department of Agriculture ran out of nonfat dry milk for oversea relief right at the height of the Christmas season of good will and giving to the needy.

I sincerely believe that the modest increase in support levels called for in this legislation would not only help provide a greater degree of economic stability to our dairy farmers but would also help assure an adequate supply of healthful dairy products for schoolchildren and needy in both our country and overseas.

I want to thank the committee for the opportunity to be here. As chairman of the House Dairy Subcommittee, I am supposed to be conducting hearings in the House right now, but I asked one of my colleagues to act in my place.

Senator PROXMIRE. I noticed your subcommittee is meeting today.

Mr. JOHNSON. Some of the people who are here were testifying before us yesterday.

Senator AIKEN. No questions.

Senator PROXMIRE. Thank you.

Senator Kennedy is also cosponsor of this bill. He could not be present at this hearing. Also, he submitted a written statement that he asks be made a part of the record.

We are very happy to do that.

(Statement of Senator Kennedy follows:)

U.S. SENATE,  
Washington, D.C., May 19, 1960.

HON. OLIN D. JOHNSTON,  
*Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, Senate Agriculture and Forestry Committee, Washington, D.C.*

DEAR SENATOR: I regret that I will be unable to testify at the hearings which are scheduled upon S. 2917. I would appreciate it, however, if you would include the enclosed statement in the record of these hearings.

With every good wish.

Sincerely,

JOHN F. KENNEDY.

STATEMENT OF HON. JOHN F. KENNEDY, A U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

I hope this committee will report favorably S. 2917. Dairying accounts for almost as much income as that from all our basic crops. Falling dairy prices on the farm immediately affect every rural community and almost every urban community.

Since it appears to be conceded that a price support level of \$3.22 per hundred-weight for manufacturing milk and 59.5 cents a pound for butterfat would provide a very minimum income level for our dairy farmers, we find it difficult to understand the objections to this modest increase in the present support price.

The administration suggests in its comments that "it is not advisable to fix by law a specific support price." But in the very next paragraph it offers \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat as its own specific support price. The argument, essentially, must be over which price will better protect our dairy farmers and our consumers.

The bill before the committee does not raise prices above the level which prevailed last year. It does not even provide for anything approaching 100 percent of parity. All it does is establish the average price last year as the floor for prices this year. In view of the financial condition of dairy farmers throughout the Nation this is reasonable. Certainly, it does not bring the farmer an exorbitant return.

Nor would this seriously affect consumers prices. Consumer prices have never reacted to changes in support levels. This would be particularly true when the increase in the support level does not raise that level above the current market price. As the Department of Agriculture stated in its letter of March 22, 1960, commenting upon the bill, "there is every reasonable prospect that market conditions again will keep prices above the support level during part of the year."

But I believe this bill must be enacted if we are to have a realistic floor to dairy income. Any surplus production of dairy products could result in a disastrous decline in prices. The economy cannot take that risk.

At a time when prices the farmer pays are constantly rising, it is cruel to jeopardize his modest income by continuing an abnormally low support price. The dairy farmer today needs a 23-percent increase in price just to receive the same share of the consumer's dollar he received 10 years ago. Under the circumstances, I hope you will agree that this modest increase in the support level is eminently justified.

Senator PROXMIRE. Senator Humphrey, who has been one of the really outstanding champions of all farmers as well as the dairy farmers for many years, could not be present either. He will file a statement for the record.

(Statement of Senator Humphrey follows:)

STATEMENT FILED BY HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

The proposal before the subcommittee, S. 2917, would raise the minimum price support for milk used in manufactured dairy products from \$3.06 per hundred pounds to \$3.22, and would raise the price support floor for butterfat from 56.6 to 59.6 cents.

This is a moderate proposal, a modest proposal. It would by no means enable dairy farmers to earn a fair return on their labor and investment.



It would, however, hold their gross income for the balance of this marketing year at just about the level they have been receiving. The average price received by farmers for manufacturing milk has been averaging a little above \$3.22 for a number of months. If milk production should increase in the months ahead—and this is probable according to reports from the U.S. Department of Agriculture—the price could drift down toward the present floor of \$3.06.

By increasing the minimum support price at this time, stability would be given to the market for the balance of this marketing year, and dairy farmers would not have to anticipate an income loss.

Calculations based on probable production and commercial demand, plus the augmented demand under the special school milk program and the Agricultural Trade Development and Assistance Act, during the present marketing year, indicate that there would be little, if any, increase in cost to the Commodity Credit Corporation from the proposed increases in the support price levels.

I would like to point out here that in 1959, 2,365 million pounds of milk were distributed through the regular school lunch and special milk programs to the school children of this Nation. I cannot consider milk used to help build sturdy young people as a "surplus" product. The word "surplus" carries with it the connotation of being something unneeded and unwanted. The success of these programs in increasing total milk consumption certainly proves that there is a demand over and above the usual market demand which, when met, makes a material contribution to our national well-being.

Under the Agricultural Trade Development and Assistance Act, this "surplus," this bounty of our dairy farms, has brought food and hope to millions of unfortunate people in the struggling, newly developing countries of the free world. In some cases this has come about through commercial sales for local currencies. In cases of famine and dire need abroad, our dairy products have been donated to the voluntary relief agencies for distribution. In addition, quantities of dry milk have been used through UNESCO, the United Nations Economic and Social Council, for child-feeding programs under UNICEF. Since 1954, more than 2 billion pounds of dry milk have gone into this use. The tremendous contribution toward world peace and world health cannot be valued in terms of dollars spent for price support programs.

My State of Minnesota is a State of commercial family farms, and almost two-thirds of these farms produce and market milk. Therefore, the welfare of the Minnesota farmer is closely related to the profitability of farming. Dairy products account for almost 20 percent of Minnesota farmers' cash receipts. In 1959, gross returns from this source amounted to \$294,398,000.

However, the difference between gross income and net income is large. Like dairy farmers throughout the United States, those in Minnesota have made amazing increases in production per cow and in labor efficiency. To accomplish this, their production expenses have increased year by year. High milk sanitation standards are set in my State, and are met, but this consumer protection calls for a steady outlay for improved buildings and new machinery and equipment. Taxes of all kinds have soared. Interest rates paid for the credit essential for continued production have gone up and up.

The cost-price squeeze is a grim reality when it is translated into a lower standard of living, into lack of opportunity for the young people growing up on our farms, and into inadequate means to protect the health of the farm family.

This is, of course, the situation that exists in almost every phase of agriculture today. The most impressive result of the sliding scale of support prices—low farm prices and low farm income—has made agriculture the problem segment of our economy.

The bill before us today will not correct the basic cause of the low income situation for dairy farmers. Any true correction will have to wait until comprehensive farm-income improvement programs are passed by Congress and signed by the President.

There is before this committee a bill which I have introduced, S. 1821, which would provide a comprehensive long-range income stabilization and improvement program for dairy producers. This program would enable dairy farmers, under a self-regulating and largely self-financed program, to assume responsibility for maintaining a sound and productive dairy industry.

That is the kind of legislation which I wish we were discussing. But in view of the immediate situation, I strongly urge the adoption of this emergency legislation, S. 2917. Dairy farmers throughout the Nation need and deserve this assistance toward income stability.

Senator PROXMIRE. The next witness is Mr. Forest W. Beall, Deputy Administrator for Price Support, Commodity Stabilization Service, U.S. Department of Agriculture.

Will you come up, sir, and bring anybody you wish with you?

**STATEMENTS OF FOREST W. BEALL, DEPUTY ADMINISTRATOR FOR PRICE SUPPORT; DON S. ANDERSON, DIRECTOR, LIVESTOCK AND DAIRY DIVISION; AND HARLAN J. EMERY, CHIEF, DAIRY BRANCH, LIVESTOCK AND DAIRY DIVISION, COMMODITY STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Senator PROXMIRE. Would you identify orally the names of the gentlemen accompanying you?

Mr. BEALL. On my right is Mr. Don Anderson, who is Director of the Livestock and Dairy Division in Commodity Stabilization Service, and Mr. Harlan Emery, who is also in the Livestock and Dairy Division, Commodity Stabilization Service.

Senator PROXMIRE. Will you proceed in your own manner? We have a copy of your statement.

Mr. BEALL. We distributed it.

May I read it?

Senator PROXMIRE. Go right ahead. It is a short statement, I notice.

Mr. BEALL. Mr. Chairman, this statement is based on and supplements the Department's report of March 22, recommending against enactment of S. 2917.

S. 2917 would amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted after the first sentence:

Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively.

The Department feels that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions.

The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The support prices for the last marketing year, which ended March 31, 1960, were \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices were 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. While a little progress was made toward closing the gap between production and consumption in commercial outlets, it still was necessary to buy substantial quantities of dairy products.

During the last marketing year, CCC purchased 135 million pounds of butter and 50 million pounds of cheese. Also, the Department re-



moved from the market 857 million pounds of nonfat dry milk. The total acquisitions for the marketing year contained about 2.9 percent of the milkfat and 9.3 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses.

The price-support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by school children and military personnel.

Market prices of some dairy products were above the CCC buying prices in the last 8 months of the 1959-60 marketing year. The actual prices received by farmers for the entire 1959-60 marketing year averaged \$3.23 a hundredweight for manufacturing milk and 59.5 cents a pound for butterfat. The bill seeks to maintain approximately this level for the current 1960-61 marketing year.

The number of milk cows on January 1, 1960, was seven-tenths of a percent smaller than a year earlier. This was the smallest decrease in 6 years. The numbers of yearling heifers and heifer calves on January 1 were larger than in recent years. The numbers of these replacements per 100 milk cows were the largest on record. The increases in production per cow in 1958 and 1959 were not enough to offset the declines in cow numbers, and total milk production declined slightly each year. In 1959, however, farm use of milk declined more than milk production did and total farm marketings of milk increased slightly. Meanwhile, there was a further shift from farm-separated cream to whole milk deliveries by farmers which brought more nonfat milk solids onto the market.

Milk production in the first 4 months of 1960 totaled about 1 percent above a year earlier. Only part of this increase was accounted for by the extra day in February. Feed supplies are at record levels and lower priced than last year. These developments indicate that a potential exists for a significant increase in milk production.

On January 8, the Department announced that the support prices for the 1959-60 marketing year would be continued through the 1960-61 marketing year. As of the beginning of this marketing year these support prices are 76 percent of the parity equivalent and parity prices for manufacturing milk and butterfat.

Prices received by farmers in April for manufacturing milk and butterfat were above the support level. There is some prospect that market conditions will continue to keep prices above the support level during at least part of the 1960-61 marketing year.

If market demand will not continue to result in such higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

It should be noted that the estimated cash receipts of \$4.7 billion from farm sales of milk and butterfat in 1960 will be the highest on record.

Mr. ANDERSON. There is one number left out on page 3:

As of the beginning of this market year these support prices are 76 percent; the 76 is omitted.

Senator PROXMIRE. That is about the middle of the page, the third paragraph:

At the beginning of the marketing year the support prices are——

Mr. ANDERSON. Seventy-six percent of the parity equivalent.

Senator PROXMIRE. Thank you, sir.

Is there anything else you gentlemen would like to add?

Mr. BEALL. That is all.

Senator PROXMIRE. Senator Aiken.

Senator AIKEN. I wonder how much nonfat powder has been disposed of under Public Law 480 since the first of this year.

Mr. ANDERSON. None at all since the first of this year—I think that is right.

Senator AIKEN. Why do you let it accumulate to 50 or 60 million pounds?

The reason I ask, I was in South America last fall about the time that we discontinued contributing any powder under section 2, I think, of Public 480, and there was a great deal of consternation down there, because they found that was one of the most valuable products that could be used in implementing foreign policy. And then I noticed that week after week this year the accumulation of nonfat powder has been increasing, apparently without any consequential sales or disposal of it.

I was wondering why we do not get rid of it while there is a chance to, while the demand is there, instead of letting it go on up, because it cannot help but depress the general market as it is accumulated by the Commodity Credit Corporation.

Mr. EMERY. I wonder if you did not misunderstand the Senator's original question, Mr. Anderson.

Mr. ANDERSON. He said title I.

Senator AIKEN. Title III.

Mr. ANDERSON. I am sorry, sir, I interpreted it as title I.

Senator AIKEN. No, title III.

Mr. ANDERSON. A great amount under title III.

Senator AIKEN. For relief agencies. And you have started disposing of it?

Mr. ANDERSON. We have disposed of over a hundred million pounds and we have offered them another 80 million, and the reason, sir, for this—may I use the word “conservatism,” Senator—is the very sad experience, to which the Congressman referred.

We are trying to do a better job of management so that we will not run out if we can avoid it.

Senator AIKEN. You are trying to have a uniform disposal right through the year, and in order to do that you have to accumulate a large amount during the spring and early summer months?

Mr. ANDERSON. Yes, sir. And some sales to oversea reconstituting plants are made under title I.

Senator AIKEN. How do you sell that? Do you make the sale directly at a lower dollar figure?

Mr. ANDERSON. At the present time all our stocks are available for sale on a competitive-bid basis. Sales have been comparatively small. Over 11 years, as I recall the figures, 75 percent of our utilization of nonfat has been donation, 66 percent donation abroad.



For the reconstituting plants, there have been in the past certain title I transactions in which we have sold on the same basis as for dollars on barter and some of those transactions have been financed through foreign currency. At the present time I think there is none outstanding on title I authorizations for nonfat dry milk.

Senator AIKEN. In selling to reconstituting plants, you have to meet the competition of Holland, Denmark, New Zealand, Canada, or any other country which produces a surplus of nonfat powdered milk?

Mr. ANDERSON. We sold a small quantity this morning just before I left the office, 10.16 cents per pound.

Senator AIKEN. What is the support level now?

Mr. ANDERSON. 13.4.

Senator AIKEN. Is that roller or spray process?

Mr. ANDERSON. Spray. Presently sales are under the competitive bid. Sales have always been relatively small; the big outlets have been donations.

Senator AIKEN. A loss of about 30 percent?

Mr. ANDERSON. Yes, sir.

Senator AIKEN. You recover about 70 percent on the sales, and of course on the donations there is no recovery?

Mr. ANDERSON. On most of our donations—the thing that stepped up our donations was Congress willingness to let CCC pay the cost of repackaging. A fair share of our donations are repackaged in 4½-pound containers which cost us an additional 2 cents over the support price. This authority that Congress gave the Commodity Credit Corporation apparently has been very effective in stepping up the possibility of donations.

Senator AIKEN. You are going to have an increased cost on paying transportation from ports to inland countries?

Mr. ANDERSON. That is a new law that was just passed.

Senator AIKEN. That is a new law, but that is going to increase the cost and to that extent increase the charge made against the support price program?

Mr. ANDERSON. Yes, sir.

Mr. BEALL. I might add in this connection that we have reinstituted and continued the school lunch programs to Japan and elsewhere.

Senator AIKEN. How much butter have you set aside for the school lunch program?

Mr. ANDERSON. We have approximately 70 million pounds.

Senator AIKEN. And you will set it aside for the next 2 or 3 weeks more?

What do they use, about 80 or 90 million pounds?

Mr. ANDERSON. We have in inventory today approximately enough butter for the school lunch program through June 30, 1961.

Senator AIKEN. You have just about got enough to take us through the next coming fiscal year. And from now on you will expect to store a little for disposal this fall?

Mr. ANDERSON. Of course the decision as to how to use any that we accumulate after we have taken care of the school lunch will have to be made by the Secretary and the Board of Directors.

Senator AIKEN. How do the private storage stocks of butter compare with last year, do you know?

Mr. ANDERSON. Fairly low.

Senator AIKEN. Is it up or down?

Mr. ANDERSON. It is 36 million as compared to 39 million.

Senator AIKEN. 39 million last year——

Mr. ANDERSON. Yes, sir.

Senator AIKEN. Was stored by the dealers and warehouse people as compared to 36 million this year?

Mr. ANDERSON. Yes.

Senator AIKEN. And you will look for a better supply-demand balance, unless there are unusual weather conditions over the next 6 weeks which would make up for the dropoff in September and October?

Mr. ANDERSON. We are purchasing butter at a fairly rapid rate.

Senator AIKEN. A little more than last year?

Mr. ANDERSON. Approximately the same rate at the moment.

Senator AIKEN. But no cheese yet—just a little last week?

Mr. ANDERSON. 63,000 pounds of cheese so far this month, and that is now not millions—practically no cheese; that is right.

Senator AIKEN. Do you anticipate that you will have to purchase a little more cheese from now on?

Mr. ANDERSON. We have estimated that cheese would be offered to us, and of course if it is offered to us, we have no choice but to take it.

Senator AIKEN. Do you think that the raising of the import quotas is going to necessitate purchasing any more cheese?

Senator PROXMIRE. I want to go into that a little later myself.

Senator AIKEN. You can repeat the question.

Senator PROXMIRE. Yes. I was just commenting.

Mr. ANDERSON. As I recall, the Department's position was that it thought that this import would not compete with domestic production.

Senator AIKEN. Yes, but will it not result in a shift of production from one type of cheese to another?

Mr. ANDERSON. There has been in Wisconsin a big shift to Italian type cheese, which is apparently one explanation for our not having to buy much cheddar recently.

Senator PROXMIRE. How are you going to get it back, on the basis of what the administration has recommended and done? Take our Italian type market away; and that is what that quota is going to do, I would think. Is that not logical?

Mr. ANDERSON. Some of our experts apparently didn't think that way, sir.

Senator AIKEN. I think the answers are obvious. I think the effect is obvious.

Senator PROXMIRE. Of course, you cannot have it both ways.

You go ahead. I will come to mine later on.

Senator AIKEN. That is all the questions I have.

Senator PROXMIRE. Gentlemen this statement is based, as I understand it, on the argument that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production consumption requirements; that is the gist, the essence, the heart and soul of your objection to this bill?

Mr. BEALL. That is right.

Senator PROXMIRE. In the first place, the Senator from Vermont, I think, has laid the groundwork for an excellent case that this bill has regard for the production and consumption requirements, inas-



much as there seems to be a pretty good balance between consumption and production, and this would give assurance to the dairy farmer of a stable price, but on the basis of recent experience, certainly, there is no reason to suspect that it did not have clear regard and understanding of what the consumption and production situation is; is that not true? If not, why not?

Mr. BEALL. I think I might point out a couple of things there. First, it is well recognized that butter particularly has a very high price elasticity and is very responsive to demand.

Senator PROXMIRE. Do you have figures to show that?

Mr. BEALL. I don't have any with me.

Senator PROXMIRE. I would like very much to get them. I have tried again and again to get the Secretary of Agriculture to supply the figures on the elasticity of demand for various dairy products. That will be very useful if you would provide those for me.

Mr. BEALL. Secondly, I think, while we are speaking of average price for the past year here, there has been fluctuation of price, and obviously at times it goes above the average price, and at times below. And therefore, it is responsive to demand at the moment, and moves readily in consumption channels.

Conceivably if we had a fixed price at this level, during the period when the normal market would fall a little below what has been the average for the past year, that we might have——

Senator PROXMIRE. Exactly how much, Mr. Beall, do you say that this would affect the price of butter to the consumer; if this bill was passed how much, in your judgment, would the price of butter be affected?

Mr. BEALL. I think we might project this on the basis of variations in price last year which resulted from a market price above the support price. I think it is apparent, as indicated in some of the statements that were made here, that the margin between the farmer and the consumer remains about stable.

Senator PROXMIRE. You mean that if the price to the farmer goes up as little as this provides—and Senator Aiken and others have said that it would be a very modest increase in the price to the farmer—that there would be a price percentage increase to the consumer?

Mr. BEALL. We wouldn't anticipate that the distribution costs would be any less between the farmer and the consumer.

Senator PROXMIRE. Why would you assume that the price would necessarily go up?

In view of the fact that price is averaged about this level, presumably it is a little less than this now, it might go up very slightly to the farmer, certainly not by the difference between 3.06 and 3.22, it would go up—in some periods it would be approximately the same and, at other periods it might go up a little bit. If this were reflected in precise percentage to the consumer, it would seem to me to be relatively very, very small.

Mr. BEALL. It would be a small increase, of course, because this increase here is relatively small.

All I am saying is that the distribution costs between the farmer and consumer would not be reduced because the farmer's prices were increased. So necessarily the increase in price here, plus the distribution costs, would be reflected to the consumer.

Senator PROXMIRE. Then you are saying that there would be no big additional cost to the Commodity Credit Corporation?

The taxpayer would not have to pay for much of it; the consumer would?

If the consumer pays most of it, the taxpayer would have to pay a relatively small proportion of it?

Mr. BEALL. Yes.

Senator PROXMIRE. Would you confirm or refute my statement that the Commodity Credit Corporation would pay about \$15 million?

Senator Aiken seemed to think this was a little high.

Mr. BEALL. Have we projected any figures on that, Mr. Anderson?

Mr. ANDERSON. No; we would have to do that.

Senator PROXMIRE. You do not have any basis this morning for testifying that it would be a relatively small cost to CCC?

Mr. BEALL. No.

Senator PROXMIRE. I would appreciate it very much for the record if, as soon as possible, you provided your own estimate for us. It would be very helpful to us.

What troubles me on this, and I think a lot of dairy farmers, we have a double downward flex. You hit us twice; you hit us in the parity equivalents and then you hit us in the parity, too, which seems to me puts us in a peculiar position.

In other words, if you had maintained the same parity equivalent that we used to have of 88 percent, then, as I said, this 3.22 for which we are asking would be below 75 percent of parity, which is less than the law provides.

Does the Department take this into consideration that dairy products are different in this sense perhaps than other price-support commodities?

In other words, you have modernized us twice; you have modernized us on the parity equivalent concept and, of course, on the parity concept.

Mr. ANDERSON. The present parity equivalent would be exactly the same as parity price calculated by modernized parity.

Senator PROXMIRE. Say we take the—

Mr. ANDERSON. For manufacturing milk.

Senator PROXMIRE. What I am talking about is, for years we had this 88.5 or 88—it is a very little bit—from 1949 through 1959 we had 88.5, that was the parity equivalent ratio, was based on the 1946-48 situation, as I understand it.

Mr. ANDERSON. That is right.

Senator PROXMIRE. Since that was changed a short time ago to modernize it—it has fluctuated quite a bit—and when at the same time parity itself was reduced from 90 percent, it had this double effect on the dairy farmer, and I wonder, maybe in view of the intent of Congress, which was to provide a 75 to 90 percent support, that this double modernization has not had the effect of reducing the dairy farmer to a position where he is at a disadvantage, compared with others.

Some of the other commodity groups can say, well, he is getting 81 percent of parity, or 77 percent, and he has received some figure above 75, and we say, on the basis of the old parity equivalent that is maintained for 6 years, he is getting less than 75 percent.



Mr. ANDERSON. That is right. That is, if the Department had continued to use 88½ percent, the parity equivalent would have been higher than it is now.

All I am saying, Senator, is that the present parity equivalent is identical with the parity that you would establish if you calculated a parity for manufacturing milk on the basis of modernized parity. Modernized parity uses the last 10 years, and it happens to be exactly what we are using in the parity equivalent now.

That does not change the fact that you point out, that 88½ percent would give you higher parity equivalent than the present 80 percent.

Senator PROXMIRE. Than the lower parity, the present price?

Mr. ANDERSON. And then 75 percent of the lower parity equivalent would be lower than 75 percent of the higher parity equivalent.

As far as the intent of Congress is concerned, I can point out, sir, that if we established a parity price rather than a parity equivalent, and used the definition of modernized parity, the parity experts in the Department of Agriculture tell me we would come out with exactly the same figure.

That does not contradict your statement that it is lower than the 88½ percent; your arithmetic is certainly correct.

Senator PROXMIRE. What I am getting at—I am not criticizing the Department for this particularly—what I am getting at is this: This whole double method of determining the support price puts us in a psychologically disadvantageous position. And this is what Congress is doing at the present; the President vetoed a bill that might have changed that.

But at any rate, I just wanted to establish that for the record.

Now, to get back to the issue that Senator Aiken was pressing, and which I am deeply concerned with, because it directly affects hundreds and hundreds of Wisconsin farmers and cheese processors. It just seems to me very inconsistent for the administration to say that we can lower the quota for the import of Italian type cheese and Gouda-Edam cheese, and to say that this will not interfere with the price support program, because of the present beneficial relationship between production and consumption, because there is no significant surplus problem involved, and then to turn around and further contradict yourself by saying that we cannot have a very moderate small increase in price supports, because it will disrupt the market. Does that not seem inconsistent?

How would you justify it?

Mr. ANDERSON. I can repeat what I understand the experts in the Department of Agriculture who dealt with this, testified—if I understand it correctly—that they had a feeling, apparently a conviction, that these particular types of cheese did not compete significantly with domestic types.

If you are going to ask me to prove that, Senator, I will have to say I can't prove it.

Senator PROXMIRE. It may well be that they do not compete in a sense, but from the standpoint of a dairy farmer, it certainly means that if the Italian type cheeses are going to come in from foreign countries and usurp part of his market, that his dairy production has to go somewhere, so it has to go into cheddar or some other manufacturing purpose, and therefore the Commodity Credit Corporation

has to buy it and therefore the taxpayer has to subsidize the foreign import, either that——

Mr. ANDERSON. The issue, as I understand it, is, does it actually take part of the market of the domestic production of Italian cheese. If we assume that it does, then I have to follow along with you. If we assume somehow that it doesn't, there is an area of debate.

Senator PROXMIRE. Let's spend a minute on that somehow.

How can it possibly do anything else?

How is our cheese production meeting this market now, what we think is a fair and reasonable price?

If the cheese is going to come in at a substantially less price from abroad under the quota system, and obviously be sold, the markets are not going to get bigger. If it is going to come in under a higher quota, lower price, our own dairy production is knocked out.

Senator AIKEN. And under the sanitary restrictions that we have in this country, we are at a disadvantage, as I understand.

Mr. ANDERSON. I don't think there is any emphasis on that part of the problem, Senator.

Senator AIKEN. I do not know why they do not think of that, because when our dairymen are required to operate under high sanitary restrictions and the imported manufacturers are not, of course, the importers have an advantage over the domestic producers. And that applies to the restrictions to the production of fluid milk.

I expect you have got dairymen in your State, Senator Proxmire, that, if they had to comply with the requirements of most of our cities, it would probably cost them \$1,000 per cow, and put them out of business.

Senator PROXMIRE. I do not want to get into that.

Senator AIKEN. But your cheese manufacturers run into that same thing, except that it is in reverse. Your cheese manufacturers are at a disadvantage compared to manufacturers in certain foreign countries where the same sanitary requirements are not applied.

Senator PROXMIRE. I will accept the second part, but as far as the first part is concerned, I have visited literally thousands of farms in the State, and I have gone into those milkhouses, and I know the tremendous expense that they have gone to to provide the most sanitary kind of situation in terms of the concrete milkhouse and in terms of all sorts of sterilization processes and so forth, all over the State.

Senator AIKEN. That is true. But you go along with me on the foreign competition. If the foreign competition is not required to go even that far, they have an advantage.

Senator PROXMIRE. I agree with you 100 percent. And I think that is something that ought to have been taken into consideration.

I realize you gentlemen are not in the Tariff Commission, but you are on the Department of Agriculture and should have been consulted on this.

Senator AIKEN. I want to say this about bleu cheese or Romano cheeses or any other that can be imported. As far as I know, the people who insist on the imported cheese probably do it because of the name; it just puts them on a little higher social level.

Senator PROXMIRE. I think there is a very tiny percentage of people who buy their cheese on the basis of the label and so forth and they



cannot really discriminate. I challenge any taster to tell the real difference.

Mr. ANDERSON. I think it is obvious from what I said that I am not an expert in this particular field of trying to clarify distinctions of the type the Senator has mentioned.

Senator PROXMIRE. Now, on page 2, in the next to the last paragraph, you say:

The actual prices received by farmers for the entire 1959-60 marketing year averaged \$3.23 a hundredweight for manufacturing milk and 59.5 cents a pound for butterfat, which is almost precisely, not quite, what the bill calls for.

The bill seeks to maintain approximately this level for the current 1960-61 marketing year.

This seems to me to be very conservative, when all costs are rising to the farmer. We are not asking for an increase in the minimum wage, which is expected to be asked by labor in the country, and we are not asking for any kind of an increase in prices, which certainly every company is asking for; we are just asking to maintain the present level.

It seems to me that we can make a tremendously persuasive policy case for doing this for the farmer in view of how low his income is, how hard he works, and how greatly he has increased his efficiency. And your sole answer, I presume, would be that while this may be true, you have to deal with the realities of production and consumption, and in your judgment this would upset that situation; is that correct?

Mr. ANDERSON. I think the Department wants to make clear that the standards of the Agriculture Act of 1949, which is to assure an adequate supply, will be met. The prospects are that we will have to accept delivery of more nonfat dry milk this year than ever before in history. Cheese will be lower, butter will probably be lower than usual.

Milk production in April of this year was the second highest on record. I do not think anybody in the Department would argue with either of the three gentlemen's arguments or presentations this morning that farmers are not getting parity, that the costs have gone up. I do not think there is any issue there that I know of.

Senator PROXMIRE. I find that, having established that, I want to move to something else.

You say in the next paragraph that:

The number of milk cows on January 1, 1960, was seven-tenths of a percent smaller than a year earlier. This was the smallest decrease in 6 years. The numbers of yearling heifers and heifer calves on January 1 were larger than in recent years. The numbers of these replacements per 100 milk cows were the largest on record.

Does this not have a lot more to do with the price of beef than it does with milk, or at least a great deal to do with the price of beef?

If the price of beef drops, you are more likely to get an increase in milk cows; are you not?

Mr. BEALL. I think it is recognized that there is an interplay between the two.

However, the point that is being considered here is that under present conditions farmers are responding to the extent of increasing

dairy stocks, and thence supplies, in keeping with the provisions of law that adequate supplies will be assured by the price support program, and therefore we necessarily look ahead at these figures on dairy numbers and possible replacements in evaluating the potential.

Senator PROXMIRE. This is the whole basic assumption that I have argued with, and I have tried again and again to get the Department of Agriculture to provide me figures for it, and I have not been successful in eliciting them.

You made the statement about the elasticity of the demand for butter. And now you make the assertion, Mr. Beall, with the notion that as prices go up, you will increase your dairy herd and increase production, and as prices go down you decrease your dairy herd and decrease production.

This makes our farmers fighting mad, they say this is not true, they say as prices go down they are forced in any way they can to increase production, they have to cover their taxes to cover their interest, to cover the necessities of their family, they have to, they are in a sweatshop situation where they just have to produce more. And that is why I earnestly once again solicit statistics to establish this fact that you do get an increase in production as prices go up, and you get a reduction in production as prices go down.

Certainly the whole history of what has happened in the last 7 years would contribute the contrary. We had a fairly stable production, not entirely, but fairly stable, during relatively high prices in the few years before 1952. Since then we have had a terrible drop from the standpoint of the dairy farmer in dairy prices and a steady, a fairly steady, production and increase in production.

Mr. BEALL. Let me point out, Senator, I didn't make the statement that as prices go down production goes up, or vice versa; what I did point out—

Senator PROXMIRE. This follows from this paragraph.

Mr. BEALL. What I did point out was the record we use to project ahead as to whether there will be sufficient supplies indicates that the number of dairy cattle has been reduced less than it has in recent years, that the number of replacement heifers available is greater than it has been, and therefore we can assume that if this is a factor at all in potential production, supplies should be adequate this year.

Senator PROXMIRE. That may be, but then you will not argue, I take it, with any enthusiasm that if we have moderate increase price supports you are going to get an increase in milk production?

Will you concede that that part of the equation would not increase?

Mr. BEALL. Well, I would only point to the record here as to what farmers are now doing.

Senator PROXMIRE. But you would not relate that necessarily to what they are receiving in the way of prices?

Mr. BEALL. Certainly.

Senator PROXMIRE. Then we go right back to where I started. Then you are saying that relatively as the price of milk is better or increases, they will produce more or increase their herd; is that correct?

Mr. BEALL. The important point in this projection is what they are doing here now.

Now, your immediate question, I am sure, is a matter of opinion, and a lot of good economists differ on this. My personal opinion on this doesn't have anything to do with what we are looking at ahead here.

Senator PROXMIRE. No; I want the statistics, and so forth, from you gentlemen that you may have in the Department to establish the basic assumption that the Secretary of Agriculture has been making consistently, that he can solve the surplus problem by reducing price supports, or at least by having price supports, as he might put it, on a more realistic level.

I would like to have some confirmation at least with regard to the dairy, in view of the fact that you gentlemen are the experts in the Department on that.

Mr. ANDERSON. I think our position here would be the same as yours, sir, when you are talking about relative prices, as beef prices go down relative to dairy prices, I think it is fairly obvious you will get more milk and less beef. I thought that was what the Senator was suggesting a while ago as your interpretation.

Senator PROXMIRE. I will go along on that, but looking at the whole farm picture overall, you might get a shift from one commodity into another, from wheat to corn, or something, or from dairy to beef. But the total effect on farm production, it does not follow that as you decrease prices you get a decrease in production, or as you increase prices you increase production. And if this is agreed upon, then it seems to me there is almost no real objection that I can see to this bill except the consumer will have to pay a little more, which I think we can easily justify.

The Commodity Credit Corporation, as you have conceded, will pay almost nothing more, or very little more.

Mr. ANDERSON. We will pay for the butter that we will buy, we will pay about 21½ cents more.

Senator PROXMIRE. Well, the question is, how much more will you buy?

Mr. ANDERSON. If we buy the same amount, I think we will have to concede if an increase in price has any effect at all on a case like this, it would be a slight increase in production and a slight decrease in consumption, if this bill has any effect.

Senator PROXMIRE. I do not stipulate on that at all.

I have been appealing again and again for statistics to establish it, without success.

At any rate, you say that you will have to pay 21½ cents more per pound for butter, and multiply that by the amount of butter you are buying and you can compute the cost, at least in terms of butter and by the same amount.

Make whatever assumptions you want to make and specify them, and provide that for the record.

Now, on page 3, again, toward the bottom of the page, you say:

If market demand will not continue to result in such higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases.



Again that depends entirely on the assumption that higher prices will bring in higher production, and it may be that you will be right if you assume that everything else remains the same, including beef prices, but what you are doing then by keeping dairy prices down is to have a depressant effect on the beef price the farmers get; if you increased the price of dairy, then the price of beef, being interrelated, would also tend to increase. Is that not correct?

Mr. BEALL. If your dairy cattle went to market.

Senator PROXMIRE. This is the one concrete and definite fact that we can agree on and the farm economists can establish, there is this relationship.

As far as the overall situation is concerned, the overall statistics since 1952 indicate the contrary; as prices go down, the production probably is not affected very much, and if anything experience would suggest more production increases. But I'm sure you can explain that. Nevertheless the hard facts show that as total prices go down for all farmers, it would seem that farmers produce as much or more.

Mr. EMERY. There has been very little change in farmers' prices in the last 6 years, in the prices of manufacturing milk and butterfat in the last 6 years. It has been so small that it is practically impossible to measure relationships meaningfully.

Senator PROXMIRE. Of course, there was a colossal reduction 7 or 8 years ago; is that not correct?

That was the big drop, in 1954.

Mr. EMERY. This was a sharp increase about 1952 or 1953, and then the support level was dropped. Production leveled off. Then it receded in the last couple of years.

Senator PROXMIRE. I think that is a good point.

Mr. EMERY. Going back historically, that is one of the difficulties, either the conditions have changed or there have been small changes in prices.

Senator PROXMIRE. I think we have to evaluate that in terms of what has happened to the cost of living in terms of what the farmers realize, the cost of equipment and land and taxes and everything else that has gone up, and as he has received the same per hundredweight for milk, the value of those dollars he is getting have declined and depreciated, so in effect he has received a lower actual real price.

Gentlemen, I want to thank you very much. You have certainly given a frank and useful statement. I would appreciate it if you would supply that material for the record.

Mr. BEALL. Thank you.

Senator PROXMIRE. The next witness is Mr. E. M. Norton, secretary of the National Milk Producers Federation.

#### STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION

Senator PROXMIRE. Would you identify your associates?

Mr. NORTON. There is Mr. P. B. Healy, assistant secretary of the National Milk Producers Federation, and Mr. Nelson J. Post, of our legislative division, National Milk Producers Association.



My name is E. M. Norton. I am secretary of the National Milk Producers Federation. Our offices are located in Washington, D.C., at 1731 I Street, Northwest.

The federation is an organization of dairy farmer owned and controlled cooperatives. The cooperatives in the federation have farmer membership in 48 States.

The policies of the federation are developed by the dairy farmer membership of our cooperatives. This means that the policy position of the federation represents the views of the people most knowledgeable about the production and marketing of milk, the dairy farmers.

Senator PROXMIRE. Mr. Norton, at this point would you indicate how the policy is arrived at on this kind of legislation in this organization?

Was the position taken by the cooperatives arrived at by executive committee?

Mr. NORTON. By board action. We meet usually twice a year, but certainly once a year in our annual convention. The second meeting is subject to call, if it is necessary, and usually is.

I might say that 75 percent of our board are actually dairy farmers, that is necessary by the bylaws themselves. Twenty-five percent of the board membership can be employees, and we recognize those usually as the managerial positions. But it is 3 to 1 dairy farmers.

This specific bill numbered as this was not before our annual convention in November here in town last year, but the dollars and cents numbers that are contained in this bill were before our convention, and it was voted on by this group, 138 on the board, there were 117 that voted, voted unanimously to support legislation that contained these numbers.

Now, how—

Senator PROXMIRE. That is about as explicit a directive as you can get.

Mr. NORTON. That is right.

Now, how you arrived at these numbers, we didn't go into that, we merely arrived at the dollars and cents level.

Senator PROXMIRE. Go right ahead.

Mr. NORTON. We want to express our thanks to you, Senator Proxmire, and to Senators Kennedy, Humphrey, McCarthy, Symington, Young, Morse, Mundt, Aiken, Carlson, Magnuson, Jackson, Prouty, Wiley, and Hennings for their sponsorship of S. 2917. And I think it shows, Senator, certainly a widespread, nonpartisan interest in this legislation, and certainly in the dairy farmer.

I would also like to comment here on Senator Aiken's statement that he was not in favor of pulling prices down, and such a procedure will not help anyone, and he has been of that position for years, and so have we. That is why we do support this legislation.

From the charts in the back of our testimony here, you will see that the support level of manufacturing milk prices and fluid milk prices fall very closely along with each other; when one goes down, they all go down, when one goes up they all go up.

Now, at this point, Senator, I would like very much to file the balance of the statement as though read, with your permission, and make a few comments of our own on testimony that has gone on here.

Senator PROXMIRE. Without objection then, the statement will be filed as if read, including the charts, the entire statement. It is an excellent documentation.

(Prepared statement of Mr. Norton follows:)

Mr. Chairman and members of the committee, my name is E. M. Norton. I am secretary of the National Milk Producers Federation. Our offices are located in Washington, D.C., at 1731 I Street NW.

The federation is an organization of dairy-farmer-owned-and-controlled cooperatives. The cooperatives in the federation have farmer membership in 48 States.

The policies of the federation are developed by the dairy farmer membership of our cooperatives. This means that the policy position of the federation represents the views of the people most knowledgeable about the production and marketing of milk—the dairy farmers.

We express our thanks to Senators Proxmire, Kennedy, Humphrey, McCarthy, Symington, Young, Morse, Mundt, Aiken, Carlson, Magnuson, Jackson, Prouty, Wiley, and Hennings for their sponsorship of S. 2917.

We also appreciate having this opportunity to discuss with the committee the provisions of S. 2917 to establish a price support level for manufacturing milk at not less than \$3.22 per hundredweight and 59.6 cents per pound for butterfat for the marketing year ending March 31, 1961.

Two fundamental considerations should be kept in mind when reviewing proposals affecting the production or the marketing of milk or its products. First, the unique characteristics of our product. Milk is produced nationally in every State in the United States and in virtually every county. Cows must be milked twice each day, every day of the year. The milk must go to market at least every other day. Second, an adequate supply of wholesome milk and dairy products is in the best interest of the market. Milk and dairy products account for 19 cents of the consumers' farm food dollar. At the same time, dairy farmers must have a sufficient return to justify its production.

In addition to these basic considerations, specific information on dairying in the United States will be helpful evaluating the bill before the committee.

Dairying in the United States accounts for about 19 percent of the total agricultural income. It is the largest single segment in the agricultural economy. Policies should be formulated and followed that will strengthen this important segment of the total economy. A price support level of \$3.22 per hundredweight for manufacturing milk as proposed in S. 2917 would not only improve the economic position of dairy farmers but would strengthen all agriculture since dairying is the largest segment of agriculture.

Dairy farmers are and have been in an economic squeeze brought about by lowering returns from the sale of milk and butterfat and an increasing cost of producing this milk and butterfat. To the extent that technology has been available to lower production costs, it has been used. But lower prices for milk took the advantages away from farmers and passed them on to consumers or to labor employed in marketing. Since the price of milk is largely determined in nationwide markets, we have to look to the Congress in our efforts to relieve the economic pressure from lower prices.

The price support level and the market price for manufacturing milk are basic to the pricing structure for all milk produced and sold in the United States. Chart No. 1 shows the relationship between prices for manufacturing milk and prices for fluid milk—the milk that is used for drinking purposes. You will note from the chart that as the price for manufacturing milk goes up or down, so does the price for milk used for fluid outlets. This means that the price support level for manufacturing milk is important to all dairy farmers in all parts of the country.

There is one major consideration to be taken into account in arriving at a dollars and cents support level for dairying. It is the relationship between the support price level and the market price at which milk can be sold. The support price sets the floor for the market price. During the 1959-60 marketing year, the market price for manufacturing milk averaged 16 cents more than the support price. While the price support floor was \$3.06 per hundredweight



for manufacturing milk, the market price averaged \$3.22 per hundredweight. Therefore, the market in 1959-60 demonstrated that it could sustain a price level of \$3.22 per hundredweight for manufacturing milk. This price level should be the price support level for this marketing year as proposed in S. 2917. If milk production increases this year as present indicators, such as lower beef prices show that it might, the price support level of \$3.22 also would be the market price. If milk production does not increase, the market price should rise above the \$3.22 level with resulting improvement in the income position of dairy farmers.

On the effect price support levels have on farmer income, it is interesting to note from chart No. 2 that while dairy farmers marketed 14.9 billion more pounds of milk in 1959 than in 1952, gross cash income to dairy farmers from the sale of milk in 1959 was at the same level as that in 1952—\$4.6 billion. In other words, dairy farmers received the same amount of money in 1959 as in 1952 even though milk marketings in 1959 exceeded that in 1952 by almost 15 billion pounds. In our presentation today, we will show that while prices paid to farmers for milk declined, per capita consumption did not respond to the lower farm price as was expected and retail prices did not follow farm prices downward.

This situation has placed dairy farmers in an unfavorable economic position in our overall national economy. A market price for manufacturing milk and butterfat below the level of \$3.22 per hundredweight and 59.6 cents per pound, respectively, will increase this spread and make the dairy farmer's position more unfavorable. Unless the price for manufacturing milk returns to the 1959-60 average of \$3.22 per hundredweight, gross income of dairy farmers will decrease with further jeopardy of investment in land, equipment, buildings, and herd.

Now permit me to refer to chart No. 3 which shows, on the basis of information published by the U.S. Department of Agriculture, what has happened to milk marketings and per capita consumption since 1952.

You will note from this chart that lower prices to the farmer did not lower production nor did they increase per capita consumption. Here again we see that farm price and consumption are not necessarily interdependent. There are other forces at work that affect consumption more directly. In 1952, when annual milk marketings amounted to 97.7 billion pounds, per capita consumption from commercial sources amounted to 695 pounds and farmers received an average of \$4.85 per hundredweight for milk sold to plants and dealers. In 1959, milk marketings climbed to 112.6 billion pounds, per capita consumption from commercial sources dropped to 649 pounds, or 46 pounds, and the average price received by farmers for milk sold to plants and dealers dropped to \$4.15 per hundredweight, or 70 cents. Here again, we see that the demand for milk was not related to the market price. Increases in marketing margins offset reductions in the price paid to farmers.

A comparison of farmer prices and retail prices for fluid milk is shown on chart No. 4. This chart shows that lower support prices were not reflected in correspondingly lower retail prices. In 1952, when dairy price supports were at 90 percent of parity, the retail price for a quart of milk was 23.9 cents. In 1954, when dairy price supports dropped to 75 percent, a quart of milk cost 22.5 cents and has increased in cost to the consumer each year since that time. Again, as we pointed out previously, the income of dairy farmers has suffered with no visible benefits to consumers.

Any drop in our prices to a point where manufacturing milk would bring to our farmers less than that paid during the 1959-60 marketing year would result in further weakening of dairy farmers' economic position. With the possibility of increased milk production for this marketing year brought on by such factors as lower beef prices, the \$3.22 level for manufacturing milk could average substantially less this year unless the Congress takes action to prevent it.

From the history of the immediate past, therefore, it is clear that economic depression for dairy producers has benefited no one and has done vast harm to one of the major industries of this country. This is an important consideration. It means, for instance, that millions of dollars in income were lost to the agricultural economy—money which could and probably would have been used for new equipment, new clothing, new hardware, and so forth.



In recognition of all these facts, the National Milk Producers Federation supports S. 2917 which would provide a degree of stability in place of the instability presently in the industry by providing assurance that the market price for manufacturing milk for the marketing year beginning April 1, 1960, and ending March 31, 1961, would continue through the operation of the price support mechanism.

In our presentation today, we have talked in terms of per capita consumption from commercial sources. We have done this to distinguish this source from that supplied by or partially financed by Government-sponsored programs such as special milk program, school lunch, direct distribution, and so forth. These are very important to the dairy price support program and to dairy farmers. Without them our problems would be multiplied.

On this matter of excess or surplus production, I respectfully refer the committee to chart No. 6. Here we see that this so-called surplus ranged from a high of 8.4 percent of total annual milk production in 1953 to 2.7 percent in 1959. So when we speak of surplus production of dairy products, we are not talking in terms of a 40- or 50-percent overproduction but only a supply that assures us we can meet emergencies should they arise. While there has been a small percentage of surplus over the past years, surplus stocks in Government hands can set the ceiling for market prices at the support level as we experienced in 1955. In any discussion of the so-called dairy surplus, we must bear in mind that a small percentage of overproduction results in a drastic drop in prices paid to dairy farmers. A small percentage of underproduction, immediately results in sharp price increases in the retail market. No one is benefited by such fluctuations. The effect of a small percentage of underproduction or overproduction becomes even more difficult to appraise and correct when it is recognized that demand for product requires the dairy industry to maintain a small surplus supply at all times to meet those demands that cannot be anticipated.

This service, coupled with the fact that cash income from dairying has been declining and out-of-pocket costs of production have been rising, creates a real problem for dairy farmers.

In conclusion, permit me to summarize our arguments in support of S. 2917:

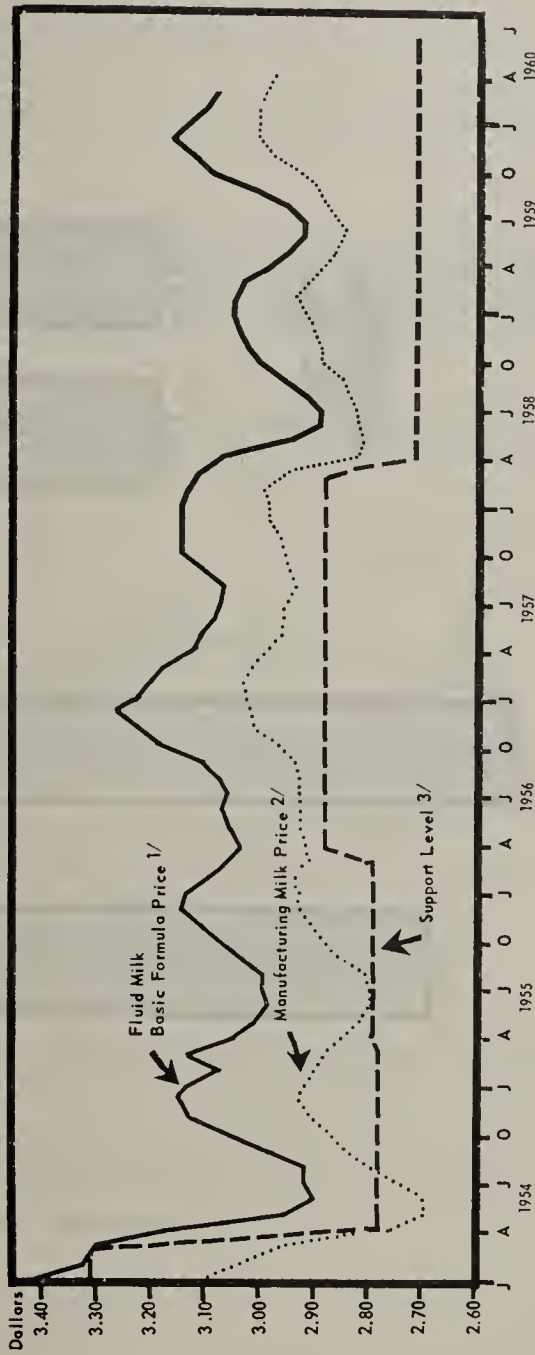
1. Dairy farmers are and have been in a severe cost-price squeeze for several years.

2. Lower milk prices for dairy farmers have not brought about a reduction in the annual production of milk nor have they brought about a reduction in the retail price of milk.

3. The average market price level for \$3.22 per hundredweight for manufacturing milk in 1959-60 did not stimulate increased milk production. The market sustained this \$3.22 price level. While the average price of \$3.22 per hundredweight for manufacturing milk is not adequate to materially relieve the pressure on dairy farmers, it is better than a return to the price support level of \$3.06 per hundredweight. Since the market price of manufacturing milk held at the \$3.22 level by action of the market forces at work, we are urging the committee to act favorably on S. 2917 which would recognize the market price of \$3.22 per hundredweight for manufacturing milk as the minimum level for purposes of price support.

Thank you.

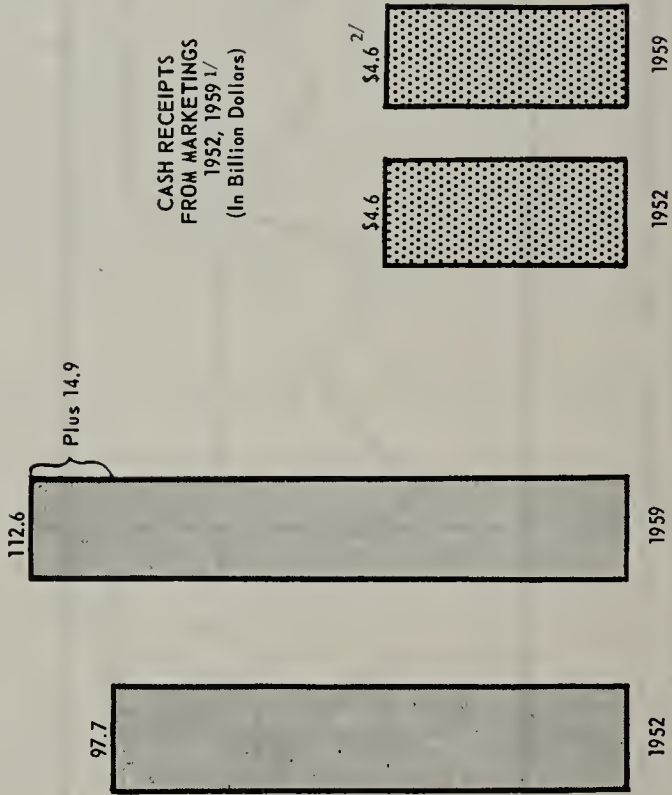
Relationship of Basic Formula Prices in 11 Fluid Milk Markets with Manufacturing Milk Prices and the Price Support Level (Calculated on basis of 3.5 percent butterfat)



- 1/ Average of basic formula prices used for computing Class 1 prices in Chicago, St. Louis, Omaha, Springfield, Mo., Dallas-Ft. Worth, Rock Island-Davenport, Sioux City, Milwaukee, Cleveland, Minneapolis-St. Paul, and Fort Wayne, USDA
- 2/ Average prices paid by plants manufacturing butter-powder, American cheese, and evaporated milk, as published in "Agricultural Prices," USDA
- 3/ Announced support level for manufacturing milk, USDA

Farm Marketings and Cash Receipts from Marketings of Milk -- 1952 and 1959

FARM MARKETINGS  
OF MILK 1952, 1959<sup>1/</sup>  
(In Billion Pounds)



1/ MILK, Farm Production, Disposition and Income, USDA-AMS.

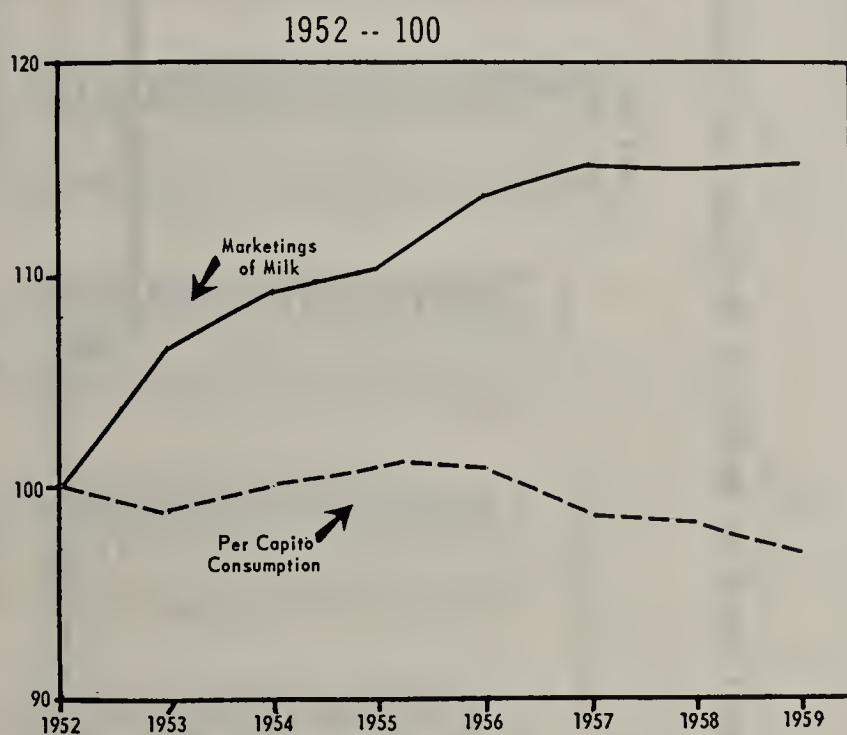
2/ FARM INCOME SITUATION, USDA.



CHART NO. 3

NATIONAL MILK PRODUCERS FEDERATION, MAY, 1960

Index of Marketings of Milk and Cream Off Farms<sup>1/</sup> and Per Capita  
Consumption of Dairy Products --Milk Equivalent<sup>2/</sup>



1/ SOURCE: MILK, Farm Production, Disposition and Income, 1958-1959,  
AMS-USDA, April 1960

2/ THE DAIRY SITUATION, AMS-USDA

CHART NO. 4

NATIONAL MILK PRODUCERS FEDERATION, MAY 1960

# Retail Price of Milk and Government Support Price

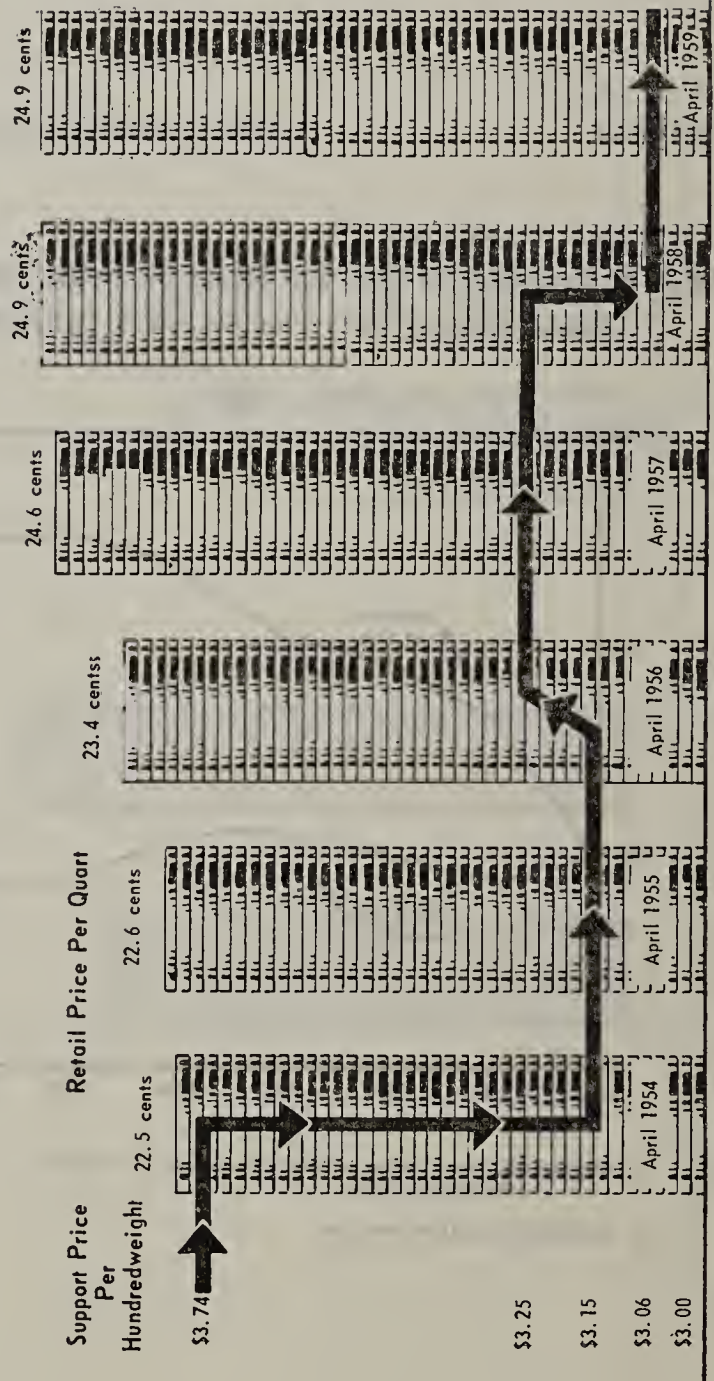
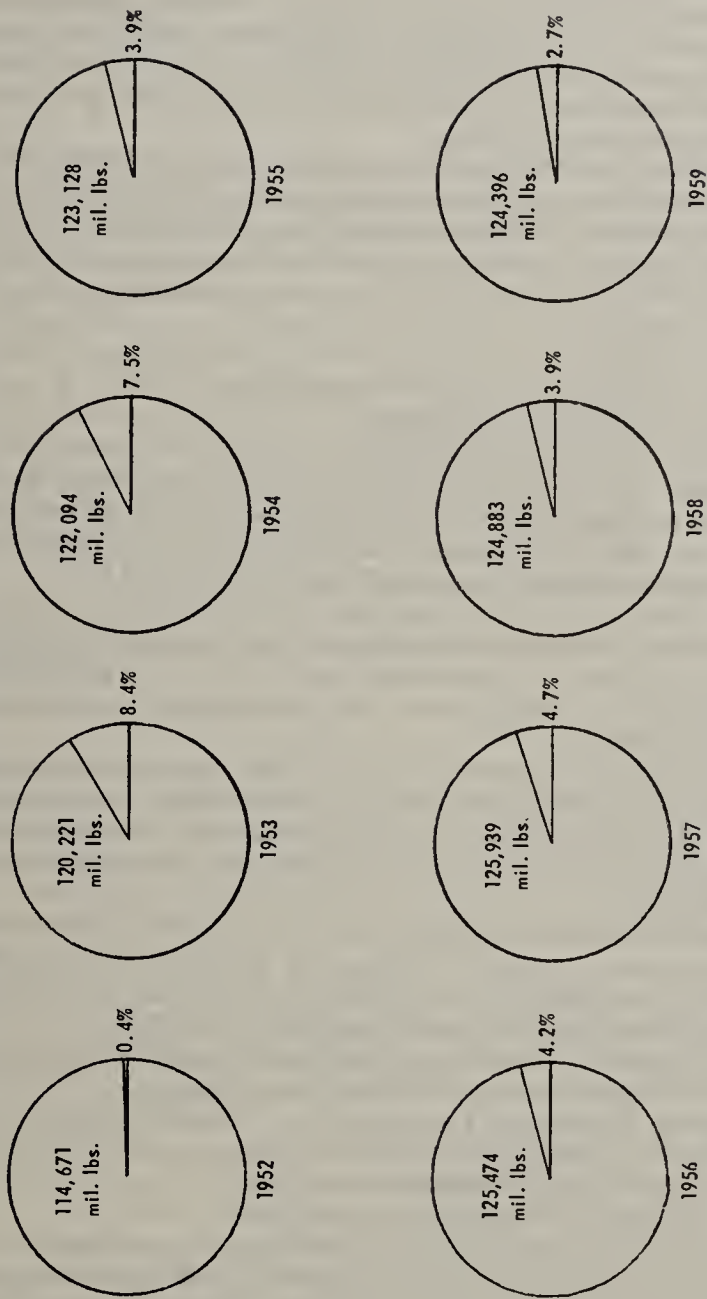


CHART NO. 6  
NATIONAL MILK PRODUCERS FEDERATION, MAY 1960  
TOTAL MILK PRODUCTION AND PERCENT OF PRODUCTION PURCHASED BY GOVERNMENT (On a Milkfat Basis)  
1952-59





Mr. NORTON. We have tried to show one of the points that you were making there. It is just absolutely not so that a reduction in price will reduce production.

Now, this isn't a fact. And if 7 years won't prove it to us, I don't know how it will.

You can see from the charts that in 1952 we produced about 97 billion pounds of milk, and in 1959 about 112 billion pounds of milk, with income to dairy farmers \$100 million over the 1952 level. Now, it didn't stop them, as you stated; it made them get out and hustle to pay their taxes and living.

Also the charts will show—and I personally believe it is an absolute falsehood that a reduction in price to the farmer will reduce the price to the consumer. If that was so, I don't think there would be a farmer in the country objecting to the reduction in price supports. What they object to most of all is that the consumer gets no benefit from their reduction.

Senator PROXMIRE. The point they are making is that this bill will prevent a reduction in price to the farmer?

Mr. NORTON. That is correct.

Senator PROXMIRE. In doing so, it will not affect the consumer on the basis of all the experience we have had—that is, if the farmer suffered this reduction, if he went down to \$3.06 per hundredweight and then back, the consumer could not expect an equivalent drop in the price he pays on the basis of all the information?

Mr. NORTON. That is the point I am making exactly.

Further, this bill should not cost the consumer one single penny, as was pointed out in previous testimony here, the price that the handler or consumer is paying now is a little above the price mentioned in this bill, \$3.22.

I think the Department testified that the price, the commercial buying price of milk right now is around \$3.29. So obviously the consumer should pay no more, if the handler is paying \$3.29 for milk and you set a support level at \$3.22, how could it cost the consumer anything?

Senator PROXMIRE. How about the argument they make that this averages out, in other words, that it was down in April to \$3.17, according to Congressman Johnson's testimony, and maybe it will slip down in May, and then come back up in the fall.

Mr. NORTON. That is the purpose of a price support program, to level off these humps and bumps for a farmer.

Senator PROXMIRE. I can see that. But in terms of the consumer, if the price is going to be \$3.22 in May, instead of \$3.10 or \$3.06 in May, where does the money come from?

Mr. NORTON. Would you repeat that?

Senator PROXMIRE. If the farmer is going to receive \$3.22 in May, if this kind of bill passes, as compared to \$3.06, so the farm income is going to be higher than it would be without this bill, and if the consumer does not pay more, who does? Where does this additional 14 cents per hundredweight come from?

Mr. NORTON. The consumer will pay it; he will pay it anyway. If this bill is not passed, I will make you a small wager here that the consumer will not pay less come October or come June, or July.

Senator PROXMIRE. The handler may pay a little more?

Mr. NORTON. He is not going to pay any more. He is going to keep his price exactly the same, and the level that is being paid will drop down to \$3.06, but the price to the consumer will continue right along.

Senator PROXMIRE. The point is that under this bill the dairy farmer's income would be very moderately increased or improved?

Mr. NORTON. Right.

Senator PROXMIRE. Where would this come from?

Mr. NORTON. If it did drop to \$3.06 and the bill was passed and it remained at \$3.22, the CCC would have to pay for it, for any stocks that they bought.

Now, calculated on last year's purchases—and I think that is a fair assumption, because the Department indicates that milk production is up only 1 percent this year, and based on average population increases, in order to keep up with that you have to go up 2 percent a year in milk production, because about 2 billion pounds of milk is consumed by just the average population increase, so we are holding our own.

And therefore, I think it is safe to assume that we will buy no more this year, the Government will buy no more this year than they bought last year. If that is so, and this bill was enacted into law, they would pay \$2.9 million for butter, they would pay \$900,000 for cheese, and \$3,800,000 for powder, or a total overall of the milk that would presumably be diverted into Government storage of \$7,294,000.

Senator PROXMIRE. That makes my estimate of \$15 million especially conservative.

Mr. NORTON. That is why we tried to calculate the exact figure based on last year's purchases.

Senator PROXMIRE. I am glad you did.

Mr. NORTON. I would like to point out another thing you mentioned concerning import controls.

This does not make sense to me, that the Government, the Department of Agriculture, who made the request to the Tariff Commission to increase the imports of Edam and Gouda cheese, would decide that our own domestic farmers could not stand in the agricultural economy an increase of \$7 million, but we could take in \$3 million worth of foreign cheese.

Now, there is no question that the diversion of milk into cheddar cheese which will be bought by the Government will take place the minute this cheese hits the market. We have seen it happen time and time again, we have seen it happen with other cheeses, where the Tariff Commission has allowed them in.

The notable example is our example of Exoline that hit the eastern shore here. Of course you folks in the Midwest thought that the Federal orders were terrible, that this was all backing up, when actually there was a 9 million pound slug of butter that hit the eastern shore right in the ice cream season from New Zealand.

It was named something different than butter, you see, and it took us 9 months to get it stopped. That is why we have advocated for a long time that we just think the Tariff Commission is too slow and too cumbersome, and this obligation of limiting imports should be turned over to the Department of Agriculture, where we can discuss it without going through all the formal hearings and rigmarole that we

have to go through in the Tariff Commission. The horse is already out of the pasture by the time we get these imports stopped.

Senator PROXMIRE. I think you are dead right on the representation of the Department of Agriculture—it seems to me they had to concede, they could not do anything else. If you are going to import this cheese—well, they did argue that there were some people that would only eat cheese that was made in Italy, Italian type or Gouda or Edam—that has to be made in Holland——

Mr. NORTON. We make that here.

Senator PROXMIRE. We make it in Green County, and it is very good.

Mr. NORTON. I have tasted it in Holland, and I don't know the difference, and I think maybe I like ours better.

Senator PROXMIRE. It is a little more sanitary.

Mr. NORTON. That is right.

May I say this in defense of the gentlemen from the Department of Agriculture. It is longer than 2 years or 5 years that I have been there, so I don't think I am revealing any secrets, at least I am legal if I do. And I have fought this battle of imports from the very same position that these gentlemen were in, and I felt imports would hinder our price support program when I was there.

But these three men at this table are not the fellows that ought to be up here at this stand on this problem, but the Foreign Agriculture Service and the State Department ought to be talking about this. I don't know just how much of this dairy business they want to give away, but if you let them loose, they will give away all of it.

Senator PROXMIRE. If they are going to do it, they should certainly not oppose a modest bill of this type.

Mr. NORTON. Not at all. It just doesn't make any sense at all. I guess those are all the points.

Senator PROXMIRE. Mr. Healy or Mr. Post?

Mr. HEALY. No.

Mr. POST. No, sir.

Senator PROXMIRE. That is very fine. And I very much appreciate your statement. Your support of this bill means a lot.

Mr. NORTON. We appreciate your support, Senator.

Senator PROXMIRE. That concludes the testimony for today, the list of witnesses having been heard.

The committee will reconvene at 10 o'clock tomorrow morning, when we will hear from Mr. Rohde, Mr. Eckles, and Mr. Reed.

(Whereupon, at 11:35 a.m., the committee recessed, to reconvene at 10 a.m., Friday, May 20, 1960.)



## DAIRY PRICE SUPPORTS FOR 1960

FRIDAY, MAY 20, 1960

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,  
MARKETING, AND STABILIZATION OF PRICES OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The subcommittee met, pursuant to recess, at 10 a.m., room 324, Old Senate Office Building, Washington, D.C., Senator William Proxmire, presiding.

Present: Senator Proxmire.

Senator PROXMIRE. The committee will come to order.

Our first witness this morning is Gilbert Rohde, president of the Wisconsin Farmers Union, Chippewa Falls, Wis., representing the National Farmers Union.

### STATEMENT OF GILBERT C. ROHDE, PRESIDENT, WISCONSIN FARMERS UNION, CHIPPEWA FALLS, WIS., REPRESENTING THE NATIONAL FARMERS UNION

Senator PROXMIRE. We are very happy to have you here. You have a wonderful reputation in Wisconsin, as does your fine organization, which has certainly been a real champion of all farmers, dairy farmers as well as the other farmers.

You are representing the National Farmers Union as well as the Wisconsin Farmers Union?

Mr. ROHDE. Yes.

Senator PROXMIRE. You may go ahead.

Mr. ROHDE. Senate bill 2917, to establish a higher price support level for milk, butterfat, and their byproducts demands considerable attention by those of us in Wisconsin who live in that area which is by far the Nation's leading State in milk production. Our interest in the proposed amendment stems directly from the economic position that our farmers in Wisconsin find themselves in presently.

Ever since 1952, dairy farmers have been subject to an economic condition which saw the price of their milk and its products generally decline while the production costs continually increased.

President Patton of National Farmers Union asked me to express his regrets at being unable to be here today and requests that I represent him in speaking for National Farmers Union as well as our Wisconsin organization.

On several occasions we have spoken publicly recognizing the fact that the farmer's responsibility for improving his economic condition should rest to a greater extent with his own development of a better

distribution and control of supply. But I am sure all of us recognize that it is extremely difficult for farmers to accomplish these objectives without the benefit of guidance of an organization that deals specifically with their problem or without an opportunity to develop these programs with Government assistance.

It has been our privilege in the past year to appear in behalf of our organization recommending what are recognized as new approaches to the farm problem, but thus far it appears that not a sufficient amount of support has been enlisted in the Congress for such recommendations to take effect within a reasonable time. It is for this reason that we return our attention to the existing price support legislation and are supporting Senate bill 2917.

Senator PROXMIRE. May I interrupt at this point, Mr. Rohde, to say that I think there is sufficient support in the Congress, but the fact that we have this overhanging specter of a veto makes it exceedingly difficult to pass legislation under these circumstances. The fact is that the Democratic Party has an overwhelming majority in both the Senate and the House. I feel strongly that there is a sentiment for new farm legislation and a new farm bill, but our point of view contradicts that of the Secretary of Agriculture so clearly, and we have so much experience in having farm bills vetoed, that we do not feel we have the strength to pass legislation over the veto. And I think that is the heart and soul of the problem.

Go right ahead.

Mr. ROHDE. There are constant reassurances from the Secretary of Agriculture that the outlook for dairy farming is improving. Yet the evidence provided by farm economists and farmers themselves points the other way.

Less than a month ago, the Secretary repeated his prediction that the Nation's dairy farmers would have the best year in history. However, his own USDA reports forecast lower milk prices in 1960. We think the Secretary conveniently looks at the gross income figures before the dairy farmer's high production costs are deducted.

There are other factors that tend to confuse the problem from time to time. Recently the manufactured price of milk gradually increased in Wisconsin to a point where farmers were receiving a little above the \$3.20 per hundredweight and we understand the explanation for this was that the supply and demand relationship concerning cheese and other products was in near balance. However, as soon as many of the milk plants who had previously been producing dried milk and selling their product to the Government through the purchase program, diverted their efforts through their ability to become flexible in situations such as this, they immediately started producing cheese, resulting in an oversupply on the market, and we saw the price of milk drop to its original pegged price of \$3.06.

It is not uncommon at all to find many of our processing plants in Wisconsin specifically designed to great flexibility, which in turn has permitted them to take advantage of producing that product which commands the highest price at any given time. But these practices have likewise resulted in keeping the general price structure for all commodities at a price no higher than what was dictated by the price support legislation.

A further aggravation to the Wisconsin problem arises out of the fact that our pricing structure is based upon 3.5 milk while the sup-

port price is based upon a national average of 3.86 milk. Thus, it should come as no surprise to the members of this committee when I tell you that the average price received for manufactured milk on my farm last year averaged \$2.97 per hundredweight.

Senator PROXMIRE. What is the price today that you get?

Mr. ROHDE. I understand that the cheese factories are paying off at about 3.8 or 3.9, as of the first 15 days of April.

The cost-price squeeze is not confined entirely to what we consider the average family farm operations.

Senator PROXMIRE. May I interrupt again.

This is for what test grade milk?

Mr. ROHDE. About 3.5.

Senator PROXMIRE. The problem that occurs to me is that yesterday Mr. Norton indicated that this was not so much a matter of increasing the present price as keeping the price from going down. And in his judgment this was a situation that confronted us at the present time—I think Lester Johnson used the figure of \$3.17, and the average price of manufactured milk at the beginning of the year according to the Department of Agriculture was around \$3.22.

Mr. ROHDE. Yes.

Senator PROXMIRE. You used the figure of \$3.08. That is actually the price that you are getting on your farm. So that is contradictory. The explanation of course is that the other figures are the national average.

For the record, how would this bill, if passed, affect the price that you receive for your milk?

Mr. ROHDE. We have generally found that the price that we received for our milk which goes to the cheese plants is determined directly by the price support legislation on the books. If this law were passed, I think the support price level would determine the price of milk, the 3.20 figure or the 3.25—it depends entirely on the butterfat content; 3.5 milk is the milk which is best adapted to the production of cheese, and a 7-cent differential takes effect from 3.5 up or down.

For example, if I had milk testing through 4, I would get about 7 cents less than the established price at the factory.

Senator PROXMIRE. Go ahead.

Mr. ROHDE. The cost-price squeeze is not confined entirely to what we consider to be average family farm operations. A Kansas farm wife recently wrote an outstanding feature article for the Saturday Evening Post, in which she pointed out that their 720-acre commercial dairy farm had made little if any profit in good years and in bad years had lost as much as \$4,058. "Not a single economist forecasts any improvement in farm income rise," reported this justifiably disgruntled farm wife.

I think it would be proper to point out here that in this particular case these people were producing grade A milk for a fluid market and to a degree are protected through the pricing structure of a Federal milk marketing order.

Many of our small farm operators are being forced out of dairying and are required to make the crucial decision and social readjustments that affect their family's welfare and the community as well.

Recently reporters from such publications as the U.S. News & World Report and Wall Street Journal have toured the Middle



West and specifically made a survey in the southern area of Wisconsin and have described the exodus of farmers from the rural areas to find employment in the city. The story is the same all over. Farmers report that the high investment required, coupled with the low prices received, is not worth the hard work and the risk and the sacrifices.

These adjustments, stemming from the conditions we find in an industry requiring the greatest amount of hourly labor, considerable investments in modern facilities, and subject to the complex distribution problems that exist, certainly needs some immediate attention if the dairy economy is going to continue to support the rural environment which we have come to recognize as an important necessity in keeping our country strong.

We realize that the legislation under consideration cannot appreciably brighten this dark picture. Admittedly, a 16 cent per hundredweight boost in the price support for manufactured milk would still leave our price structure about 60 cents per hundredweight below the level of 10 years ago. But Wisconsin farmers who in the past few years averaged between \$3 and \$3.12 per hundredweight for their milk would welcome any price increase in view of the forecast of lower prices ahead.

A price increase, for example, of 10 cents per hundredweight for the past year's production could mean close to an additional \$20 million for Wisconsin farmers. The 16 cents per hundredweight proposed increase would likewise offer additional hope to those farmers who are producing for a specific market under a milk marketing order, and who find a considerable amount of their production going into manufactured products for which they receive a blend price which is not now sufficient to cover the costs that the technological advances of science have dictated.

I also have with me a prepared statement of Mr. Edwin Christianson, president of Minnesota Farmers Union. I request that President Christianson's statement be inserted in the record at this point in my remarks.

Senator PROXMIER. Without objection that will be done.

(Statement filed by Edwin Christianson, president, Minnesota Farmers Union follows:)

Minnesota is one of the chief dairy States in the Nation and our farmers derive about 20 percent of their gross cash farm income from sale of dairy products.

Minnesota Farmers Union is made up of some 40,000 farm families, most of whom are among the 90,000 farmers in the State who engage in dairy production.

Our members and Minnesota dairymen as a whole therefore are vitally concerned with all matters and with all governmental policies which tend to influence their prices or income.

An honest look at the experience of the past 7 years must convince anyone that the policies of the national administration in Washington have struck a very serious blow at the dairy economy.

The systematic policy of attempting to bring about an adjustment in the dairy industry through a sharp reduction in price support levels has not had any favorable results. On the contrary, total dairy production is high and may set a new record in 1960; per capita consumption of milk products is dropping, and dairy farm net income is at a low level.

In order to make up for the lower unit prices prevailing, Minnesota farmers are placing 20 percent more milk on the market today than they did in 1952, and even so are barely holding their gross income to previous levels.

With farm operating costs moving relentlessly to higher and higher levels each year, there has been an erosion of net income to a very serious degree.

Lower prices have failed to help the dairy farmer and we can see that such a policy will not achieve a solution no matter how long it is kept in force.

For several years after dairy price supports were first reduced in 1954, we had been told that our difficulties were all due to the maladjustment between supply and demand and that everything would work itself out and dairy prosperity would return when supply and demand were in reasonable balance.

According to USDA, a virtual balance of supply and demand prevailed in 1959 and is expected to continue in 1960.

Yet, there has been no upward movement of farmers' prices for milk for manufacturing purposes. Minnesota dairy producers received about \$2.95 per hundredweight for manufacturing milk in April 1960.

Frankly, USDA does not now claim there will be any price improvement. The USDA "Dairy Outlook" for 1960 published last November predicted that prices for manufacturing milk would be about the same in 1960 as in 1959.

More recently, the April 15 USDA "Dairy Situation" reaffirmed that bleak outlook, indicating that no improvement need be expected.

"Prices to farmers for milk and butterfat in 1960 will be approximately the same as in the past 2 years," declared the Outlook and Situation Board in this report.

It should be crystal clear now to everyone that a simple balance of supply and demand will neither guarantee a fair price to the producer, nor relieve the need for a dairy price stabilization program.

The experience of 1959 and 1960 provide a lesson in economics for those who have advocated stabilization programs based upon the premise that a balance of supply and demand would automatically result in parity prices, or at least in near parity prices.

There could be a balance of supply and demand at any one of many levels. Supply and demand may balance in some instances, as now, with extremely serious economic consequences for the producer. The important thing is not to achieve a theoretical balance of supply and demand at any price level, but to achieve this balance at a price level which is fair to the producer.

This is a fundamental thing to remember in the design of any dairy program. It is also a reason why it is impossible, from a practical standpoint, to design a dairy stabilization program which will obtain anything substantially better than 75 percent of parity returns without the use of production or marketing allotments, deficiency payments, and/or compliance deposits.

Your hearing at this time, of course, pertains to short-range revision of the current dairy program. The bill under consideration is for a modest increase in the minimum support level under existing legislative authority.

This bill, S. 2917, would raise the manufacturing milk support to \$3.22 and the butter support to 59.6 cents. This would be a 16-cent increase on milk and a 3-cent increase in the butter support. We support this bill as an emergency measure, but only as such. The increase in dairy supports would constitute a small but measurable improvement for dairymen.

The support rate, even at \$3.22 and 59.6 cents, would leave the producer still in a difficult position.

However, as we have said above any really major improvement in prices and income will have to be sought through basic changes in the milk program and this will require new, improved, and considerably different legislation than we now have.

In testimony recently before the House Agricultural Committee, Farmers Union proposed an increase in dairy support levels as a part of a five-point emergency farm income adjustment and supply adjustment program to tide farmers over until a new comprehensive farm program may be adopted and put into operation.

This emergency program included proposals for:

Dairy support increase to 82.5 percent of parity (slightly higher than proposed in S. 2917).

Incentive payments to encourage marketing of lightweight hogs.

A wheat program incorporating an increase in support levels and a reduction in acreage.

A supply adjustment program with payments in cash or in kind for diversion of acreage out of soil-depleting crop production.

An emergency credit program with interest rates at not more than 5 percent.

One of the factors in the administrative reduction of dairy support labels and dairy farm income has been the deliberate cheapening of the parity equivalent on manufacturing milk.



USDA has not only maintained the support level at or near to the permissible minimum (75 percent) under the law, but has also reduced the parity level as a method of achieving a still lower dollars and cents support level.

Under the previous Secretary of Agriculture, the support level was maintained at 90 percent of the parity equivalent for manufacturing milk. At that time, the parity equivalent for manufacturing milk was equal to 88½ percent of the parity value for all milk, wholesale. Step by step, over a period of years, USDA has reduced the parity equivalent for manufacturing milk until at the present time it is equal to only 80 percent of the parity value for all milk. This reduction of 8½ percent in the parity equivalent for manufacturing milk was carried out at a very time when the production costs were increasing relative to those on fluid milk rather than decreasing.

The spread between production costs on fluid milk and manufacturing milk is shrinking rather than expanding, so that if any administrative change had been made it should have been made in the direction of raising the parity equivalent price on manufacturing milk.

If the parity equivalent had been kept at the relationship of 88½ percent of the all-milk parity, a 75 percent of parity support level would now indicate a dollars-and-cents support of \$3.34 per hundredweight compared with the current level of \$3.06.

Any dairy bill ought to include a provision for a more realistic parity equivalent for manufacturing milk. The Humphrey-Johnson dairy stabilization program, S. 1821, H.R. 6750, proposes that the manufacturing milk parity be equal to not less than 90 percent of the all-milk parity. This is a sound proposal, more than justified by what has happened in production costs.

Such an improvement in dairy legislation, however, need not wait for long-range dairy bill. A revision in the parity equivalent would be worthy of consideration as a provision in the bill before your committee today.

In conclusion, we urge that the Senate committee approve S. 2917 and then turn attention to broader legislation which might be studied as a basis for early action in the next Congress aimed at having a new program ready for operation at the opening of the new marketing year on April 1.

Mr. ROHDE. We earnestly solicit your support for Senate bill 2917 because we feel it is a step in the right direction offering the dairy farmer concrete evidence that the corner has finally been turned and that he is on the road back from the depressed prices of the late 1950's.

Senator PROXMIRE. Mr. Rohde, how would you answer the principal argument that was made yesterday by the Department of Agriculture spokesman, which was that the relationship between supply and demand for milk did not permit them to increase the support price, if you did that it would have a double effect: First, you would discourage consumption and; second, you would encourage production, and this delicate close balance that we have would be put out of balance.

Mr. ROHDE. In the first place, I don't believe it would discourage consumption at all, because currently—

Senator PROXMIRE. Let me interrupt a minute to say that as I recall, Mr. Beall emphasized the effect on butter, and without any documentation he made that assertion.

Mr. ROHDE. The cost of manufactured products, the cost of these products to the consumer is about at a point, I presume, which indicates that supply and demand are about in balance. I don't believe that this piece of legislation would increase the cost to the consumer at all, because currently the relationship of demand and supply are such that the price structure has moved up in butter and cheese to a point where the farmer back home is getting, or was getting, about 3.25, in some cases.



However, because of the increased supply of cheese which hit the market, those people who were handlers of the product were able to reduce the price to the farmers. And somehow, of course, the reduction of the price to the farmers is never felt by the consumers in the same proportion.

Senator PROXMIRE. First, you say this would not affect fluid milk?

Mr. ROHDE. I don't believe it would.

Senator PROXMIRE. And second, as far as butter and cheese is concerned, there has been a widening in profit margins because of the recent development on cheese, and this has not diminished the price to the consumer, but it has reduced the price paid the farmer?

Mr. ROHDE. Yes, sir.

Senator PROXMIRE. And what this would tend to do would be to increase the price paid to the farmer and maintain the price to the consumer.

Mr. ROHDE. I think it would.

The second thing is, I don't believe this would increase the production on the farms to any appreciable amount.

First of all, this isn't a significant enough increase to permit people to go into dairying to make money.

To substantiate what I have to say, I should like to refer you to a point which was prepared by a university specialist who found that in 1958 the average price received for 3.5 milk was about \$3.11 per hundred, and at these prices nearly one-half of Wisconsin dairy farmers did not receive enough income to cover all their nonlabor costs——

Senator PROXMIRE. More than one-half?

Mr. ROHDE. More than one-half.

Senator PROXMIRE. And that is a publication of the University of Wisconsin?

Mr. ROHDE. Yes, sir—which was prepared by some of our very distinguished people at the university.

Senator PROXMIRE. Will you identify this publication for the record.

Mr. ROHDE. This is "Dairy Marketing Problems in Wisconsin," which is a report to Gov. Gaylord Nelson by the Governor's Dairy Marketing Committee of the University of Wisconsin.

I can name the individuals responsible.

Mr. Harold E. Calbert, Mr. Hugh L. Cook, Mr. Truman Graf, Mr. Harlow W. Halvorson, Mr. Willard F. Mueller, Mr. Marvin A. Schaars, who was chairman of the committee, and Mr. William C. Winder.

Senator PROXMIRE. These include outstanding economists?

Mr. ROHDE. Yes.

Senator PROXMIRE. These are all very responsible people. And they say that one-half of the farmers in the State of Wisconsin have no net whatsoever?

Mr. ROHDE. Did not receive enough income to recover all their non-labor costs, including interest on investment, with no return whatsoever for the operator.

Senator PROXMIRE. This was the year 1958?

Mr. ROHDE. Yes. And the average price received by dairy farmers for 3.5 testing milk at the farm average \$3.11 per hundred.

Senator PROXMIRE. We appreciate getting that.

Thanks a lot, Mr. Rohde. We appreciate your testimony.

I wonder if you could provide a copy of that report for the committee. We might look it over and see if we can put part in the record.

Mr. ROHDE. I would be very happy to present this one to you.

Senator PROXMIRE. Thank you.

The next witness is William C. Eckles, the general manager of Pure Milk Products of Fond du Lac, Wis.

I have known Mr. Eckles for a long time. He has been a man who has understood the problems of dairy farmers as well as anyone I know, and he has certainly done a splendid job for them.

**STATEMENT OF WILLIAM C. ECKLES, GENERAL MANAGER, PURE MILK PRODUCTS COOPERATIVE, FOND DU LAC, WIS.**

Senator PROXMIRE. Bill, why don't you proceed in your own way?

Mr. ECKLES. Thank you, Mr. Chairman.

I want to express my appreciation for having this opportunity to present this material on behalf of the dairy farmers nationally and the State of Wisconsin particularly.

I have a prepared statement here, and copies are available for the reporter and any other interested parties.

I would prefer to read it, in spite of the fact that I have it all prepared.

Senator PROXMIRE. Go right ahead and read it.

Mr. ECKLES. And if you like, you may comment as we go along.

Pure Milk Products is a bargaining and service association representing 15,000 dairy farmers located throughout the State of Wisconsin and parts of Illinois and Michigan. About a third of our members are supplying grade A milk to numerous fluid markets. The remainder are engaged in the production of milk for various manufactured dairy products. This milk goes to plants making powder and butterfat, cheese, and other types of manufactured products throughout the area.

Pure Milk Products Cooperative urges adoption of S. 2917, introduced by Senator Proxmire in behalf of himself, Senator Wiley of Wisconsin, and 13 other Senators, to establish a minimum price support level for milk and butterfat at not less than \$3.22 per hundred-weight and 59.6 cents per pound, respectively. This level is approximately the same as the average level of manufactured milk pay prices which has existed during the past 2 years.

This move to bring the minimum price support level up to the level of the average price paid for the past 2 years is of vital importance to every producer of manufactured milk because of the ever-increasing production costs.

Senator PROXMIRE. This is a point I would like to nail down, that this in your judgment is a bill that would maintain the present floor, it would not attempt to elevate income to a substantially higher level, I take it. It would keep it from falling primarily.

Mr. ECKLES. Our point is that this would shore the thing up to the point where we have had experience of it being in the past year or so, and it would be very important to get that foundation moved up there while we have got it there.

Senator PROXMIRE. It seems to me that at a time when Congress is very seriously considering, and I think very properly considering, in-



creasing the minimum wage to a dollar and a quarter an hour—the President has indicated that he would favor \$1.15—for the dairy farmers to ask that their present low income be continued at the present level instead of being shoved down I think is a very modest request.

Mr. ECKLES. I think so. And I think Congress should enact legislation to keep it at that point rather than deteriorate to the point that the Department of Agriculture thinks that it might be permissive to go to, down to the 3.06 level. I would like to see it shored up so that the farmers know that it will stay up in that neighborhood for manufactured milk for the remainder of this crop year at least, hoping that we can accomplish something further before another crop year rolls around.

Senator PROXMIRE. Go right ahead.

Mr. ECKLES. We believe it is logical to maintain the price of this product, which is so vital to the health of our Nation, at a level of at least the price paid in the past 2 years. This step is important, not only from the standpoint of the welfare of the dairy farmer himself, but also to the existence of the many cities and villages in which the economy is tied directly to their position as a trading center for farmers.

We think this level of prices is absolutely necessary in order that all segments of our national economy related to dairy production may be kept in a reasonably sound and healthy financial condition. Unless dairy farmers have the income, related farm supply businesses will suffer further.

I would like to depart from the prepared statement here to say that, traveling through Wisconsin and visiting with folks who are in the farm machinery business, and so forth, that the problems that farmers are experiencing are definitely reflecting themselves in reduced business activity for people who are selling tractors, milking machines, and farm supplies in general. We have got increasing costs occurring on these farms in other lines than just the normal production items, to the point where farmers just don't have the money to buy tractors and replacement equipment in the volume that they need. They are operating on capital that has been acquired in the past, and they are having trouble replacing their equipment.

Senator PROXMIRE. Is this not particularly true, in view of the fact that the cost of this equipment they want to purchase has increased, not through any fault of the small town dealers, but because the manufacturing costs have just inevitably gone up, labor costs have increased, steel costs have increased, and all the ingredients that go into what the farmer buys have gone up, and under these circumstances the farmer not only finds that his low income makes it difficult for him to buy, but the low income has a lower value per dollar than it used to?

Mr. ECKLES. Purchasing ability, that is right.

The cost of these items have just moved up as a result of increased wages and the cost of materials that maybe aren't a result at all of the local retailer, but they are there when the farmer tries to buy them.

Senator PROXMIRE. Do you have any figures on how many gallons or hundredweights—I don't know what unit would be most appropriate—of milk it would take to buy a tractor as compared with, say, 8 years ago.



Mr. ECKLES. I don't know offhand, but I would say just offhand, very quickly, that it is 20 or 25 percent more as a minimum.

Senator PROXMIRE. I would like to see it compared with the figure in 1949 and 1950, because I think the Department of Agriculture made an interesting point yesterday, that the present price of manufacturing milk is not far from what it was 12 years ago; not 8 years ago, but 12 years ago.

And they might argue, or it might be argued, at least, that the Korean war tended to distort the price temporarily in 1951-52, and now it is back to normal. I think we can approach this in a number of ways.

One way is to show how this price that the farmer is getting will not do because it will not buy the things he has got to have.

Mr. ECKLES. I have figures a little later on here comparing it with a 1947-49 base, which is sort of that period between the Korean war and the close of World War II, which gives some reflections on machinery costs and items, and so forth.

Senator PROXMIRE. You may proceed.

Mr. ECKLES. Recent Government reports show that our national income in 1959 had increased 86 percent from the 1947-49 average and our national population has grown by some 20 percent. Per capita disposable income has increased by about 50 percent. This greater income has been reflected in a general increase in consumer prices as indicated by the Bureau of Labor Statistics Consumer Price Index which has been about 26 percent above the 1947-49 average in recent months.

At the same time, dairy prices have lagged far behind. The national average retail price of dairy products has increased only 16 percent, and prices of butter and cheese have actually decreased.

Now, this is from the 1947-49 level that we have reference to.

Senator PROXMIRE. That is a very interesting figure, one that is almost never discussed. The price of butter and cheese has decreased since 1947-49.

Mr. ECKLES. That is right, at the consumer level.

Senator PROXMIRE. And then if you include fluid milk, the consumer is paying only 16 percent more for milk, which is only a little more than half the increase in all the other prices; is that right?

Mr. ECKLES. Yes, the Consumer Price Index, yes.

So milk and dairy products are definitely bargains as far as consumers are concerned.

Senator PROXMIRE. This definitely relates to this bill, because the only conceivable advantage that the consumer would get out of this is butter and cheese, and we know that the consumer is paying less for butter and cheese than in 1949.

Mr. ECKLES. I think that is a very significant point myself. I can't think of consumers refusing to purchase particularly of dairy products because you might have a couple of cents a pound increase in the cost if it is passed on to them, if there was some increase passed to them. I don't believe there would be that much change in consumer buying habits with a couple of cents a pound change in costs themselves. Good economists will argue with you on that.

Senator PROXMIRE. That is an important point to make.

Go ahead.

Mr. ECKLES. We would like to say this again and emphasize it, that the average cost of living is cheap in terms of consumer buying now, but dairy products are especially reasonable and cheap and have remained so at the expense of low prices to the farmers.

The dairy farmers have taken a cut of 7 percent in the average price for all milk sold at wholesale, and 14 percent in the price received for manufactured milk from the 1947-49 average.

Of course, it is even much greater than that if you go back to the high point of 1952.

This is using the 1947-49 period to try to get a base in there at a time when you had less influence by outside forces than the World War II period or when the Korean conflict was involved.

Senator PROXMIRE. To be complete about this thing, there are three factors involved: One is that the price for milk sold has dropped. Another is that the value of the dollars which the farmer has received have gone down, have gone down much more sharply. And a third is that the farmer is producing more milk per farm. And I think to get a complete picture we have to put these three things together, and I think when we do there still is a very strong case.

But I do think that these are the three factors that relate to it: The fact that there is a bigger volume, that the dairy farmer is more efficient, producing more.

Mr. ECKLES. That is correct.

Senator PROXMIRE. And his price has gone down, and the value of what he has been receiving—

Mr. ECKLES. I don't think there is any question but what these dairy farmers have had to produce more to even maintain or try to maintain their families and meet their expenses, maintain their herds, and equipment.

Senator PROXMIRE. This is a stretchout. Like the old sweatshop piece-rate cut. One of the reasons you have this overproduction is because prices have dropped and forced more production.

Mr. ECKLES. I think so very definitely.

Senator PROXMIRE. Have you not seen that on specific farms?

Mr. ECKLES. Yes; we have seen it in the meetings that we have conducted all over the State, and we have asked our members the question and asked them to answer it in writing for us, and they are strong in saying that they have had to increase production in order to meet expenses, whereas if they had had better price levels and better returns, they probably would not have stretched the production as much.

Now, that conflicts with some theories the Congressmen will throw at you, but there is no question in my mind but what farmers have had to increase this production to meet some expenses that they would not have increased if they had had better price levels.

Meanwhile, farm costs have continued upward and the net income of dairy farmers has continued to suffer. Recent reports of the U.S. Department of Agriculture show that production items used by farmers have increased 13 percent and family living items of farmers are 19 percent above the 1947-49 average. The increase in cost of production items would have been greater except for the fact that prices have decreased on items which farmers purchase from other farms, like their feed, and so forth.



For example, the price of feed is down 14 percent and the cost of seed has decreased 13 percent, but the living items are up 20 percent, that is the overalls and the supplies generally that the farmers buy in their family living.

On the other hand, the cost of most items not produced on farms were up sharply. Motor supplies cost 24 percent more, motor vehicles are up 47 percent.

Senator PROXMIRE. This is as of what date?

Mr. ECKLES. Since the first of the year.

Senator PROXMIRE. The Wall Street Journal had a chart 3 days ago indicating the increase in motor supplies just in the last 2 years, and it was just shocking how much it was.

Mr. ECKLES. These farm cost figures were taken from agriculture prices for April 1960 put together by our economists.

Senator PROXMIRE. Motor vehicles were up 47 percent.

Mr. ECKLES. That is right. And farm machinery prices have increased 58 percent.

Senator PROXMIRE. And not only is the farmer confronted with a lower income, but to buy machinery he has to pay 58 percent more; more than half as much again as he paid in 1947. And he has a lower income.

Mr. ECKLES. That is right.

Farm wage rates were up 50 percent in that period, if he has to hire help. And farm real estate taxes have increased 94 percent.

Senator PROXMIRE. This is a very important point in those two States, Wisconsin and Minnesota, because we have a greater burden of property taxes than most States have. We rely on property more heavily. And I think it might show that it is even more burdensome in Wisconsin.

Mr. ECKLES. The interest cost per acre on farm real estate debt has gone up to 164 percent; that shows what has happened to the cost of money that farmers need to operate their enterprise.

Senator PROXMIRE. This is one of the most shocking aspects of what has happened in the 8 years.

Eight years ago farmers had income of about \$15 billion, and all of the moneylenders in the country, the interest recipients, had income of about \$12 billion. In other words, farmers had about 25 percent more in income. Today farm income is down to \$10 billion, interest income is up to more than \$24 billion. So you have a situation in which the moneylenders have an income of 140 percent more than all the producers of food and fiber in the country.

And there is no question in my mind that if any two policies are the product of Government action, any two economic consequences, any two aspects of income are the consequence of Government action, it is farm income and interest income.

Interest income is exactly what the Federal Reserve Board decides it will be, and farm income has been very sensitive, of course, to Government action for many years. And this, it seems to me, is the clear consequence of Government action.

Now, we have the interest enormously increasing, and as you point out here, the interest cost to the farmer has gone up especially. And as I understand it, the farmer, as a group, is more of a debtor than in almost any other economic classification that you can find.



Mr. ECKLES. It is necessary for him to do a lot of borrowing to finance his seedings and purchase the fertilizer or purchase livestock; they are big credit users—

Senator PROXMIRE. He purchases land and equipment, and every time he buys a tractor he has to pay for it on time, and pays 10 percent or more interest or finance charges.

Mr. ECKLES. They are big users of credit; I don't have the figures on it, but I know they are one of the big ones as far as business are concerned, and they annually need and seek in the money market the money to carry on the production enterprises. And for the Government to sanction and permit increased rates of interest on some of these things and to ignore the farm-price situation as thoroughly as they have done is very discouraging to agriculture, very discouraging.

Dairy farmers can no longer afford to subsidize the low living cost of the nonfarm segment of our population by unrealistically low milk prices and correspondingly low levels of farm income.

I don't think there is any question but what our farm program—and I am acquainted with it as it relates to the dairy business particularly—has been subsidization of low food costs to the consumer.

Senator PROXMIRE. The benefits to the consumer have been diminished because the portion of the consumer's dollar which goes to the farmer has been reduced; isn't that correct?

Mr. ECKLES. The amount which goes to the farmer has been reduced; that is correct. It has gone down to 38 percent from 50 in a few years.

Senator PROXMIRE. But I recall that month after month the Bureau of Labor Statistics shows that the cost of living has only gone up a tenth of 1 percent, or maybe even has dropped occasionally, and why?

In month after month it is because the price of food has gone down. That was entirely true last year, if there had not been a diminution in the price of food the cost of living would have gone up, but food is a big item, and the cost of living did not go up.

So what you say here is 100 percent true and is very pertinent to this bill, because this bill would increase the cost to the consumer only slightly in terms of food dollar, in terms of national income, very slightly. And Mr. Rhode would even contest this, but in my judgment it might somewhat increase the cost of cheese and butter.

Mr. ECKLES. It might cost the distribution industry, unless they passed it on—and their margins have widened in the last few years—there would be a slight increase to the consumer, but they have the purchasing power to buy it, and in my mind would not reduce consumption to amount to anything.

In order to keep pace with the growing needs of our growing population, and to meet their ever-increasing expenses, dairy farmers of the Nation have increased their total marketings of milk and cream by 16 percent since 1947-49, but the greater output has increased gross returns from farm marketings of dairy products by less than 6 percent. Such a change has not been sufficient to maintain the living standard of farmers. Instead, it has seen farmers slip even further behind the economic level of the nonfarm population.

Senator PROXMIRE. Right here you are dealing with the other factor.

Mr. ECKLES. That is right.

It has seen the average net per capita dollar income of the farm population from all sources increase by only 22.5 percent from the 1947-49 average to 1958, and let me say here in connection with that, that that includes all sources of farm income, that is Government payments, that is work off the farm to compensate for some of the losses in income produced—

Senator PROXMIRE. Value of food consumed on the farm?

Mr. ECKLES. I don't know whether that is included or not.

Senator PROXMIRE. That is generally included in all the statistics.

Mr. ECKLES. I don't know. But it is all sources of income to these farmers. And a lot of them are working off the farm in Wisconsin. And apparently 40 percent of the farm people have some off-the-farm income to supplement their income from farm operations.

Senator PROXMIRE. It is my understanding that about a third of the income for all the country for the farmers is nonfarming.

Mr. ECKLES. I believe that is correct. It sticks in my mind as being the correct figure.

The per capita net income which the nonfarm population received from all sources has increased by 40 percent. It has seen the average weekly wage in manufacturing industries of the Nation increase 7 percent from 1958 to 1959, while the average net income per farm in Wisconsin declined 15 percent, in the same period.

Now, that is getting awfully close to home with our folks, and in my opinion there would be a very strong argument for enactment of this legislation.

We believe the situation is serious for all dairy farmers and especially for those selling manufacturing milk. The increase in the support proposed in S. 2917 amounts to an increase of about 5 percent. It is small and will only help solve a part of the financial problem of the dairy farmer. However, we believe it important that this step be taken to increase the price support level to the average price received by farmers for manufacturing milk during the past 2 years.

We urge adoption of the legislation embodied in S. 2917 promptly. It can serve as a deterrent to the increasing price squeeze on dairy farmers until further and more effective action can be taken by the Congress to improve the agricultural and dairy farm situation.

I want to thank you for the opportunity of presenting this, and I want to thank those folks who had the courage to introduce the bill for doing what they do and what they can to try to shore up this dairy farm price situation so that it cannot get worse than it has been for the last year or so.

I think there is definite indications that it might worsen in the next 6 months unless something is done because of the action taken by increasing these import quotas in the last few weeks.

And, Mr. Chairman, the dairy farmers in our area of the country respect the feeling you have on that matter very definitely. We know that you disagreed with it all along, but they went ahead and increased the import quotas on Edam and Guidi cheeses and foreign type Italian cheeses. We don't think anything in the world can happen but that will be an expansion of the foreign markets in the United States.

Senator PROXMIRE. Does it not seem to you slightly contradictory for the same administration, the same department to recommend and



support the increase in the quota, and at the same time to say that the supply and demand situation in this country is such that we cannot have this very modest increase? You either have that one way or the other.

Mr. ECKLES. I can't reconcile that type thinking myself.

Senator PROXMIRE. Either we should not have increased the quota and permitted them to import more, or, if we did do that, we should say that certainly our farmers ought to get a little bit of benefit too.

Mr. ECKLES. I think so very definitely. And I am sure that the dairy farmers, in the manufacturing areas, at least, of the United States are very conscious of it, I cannot understand how you could find reasoning and justification for holding down at the lowest level practically permissive the support prices on manufactured milk and give the importers a chance to double the amount of materials they bring in that will depress prices down to the support level.

And I think it is very important for that reason that this legislation be passed so that we can keep the price up to the point where it has been in the last few years on manufactured milk.

Senator PROXMIRE. Thank you very much.

Mr. ECKLES. Thank you. I am glad to be here.

Senator PROXMIRE. In clarification of a point that was discussed between Mr. Eckles and myself, I want to put in the record from Agricultural Prices, a publication of the U.S. Department of Agriculture, the following figures, which demonstrate how much of an increase, percentage increase, in milk it now takes for a farmer to buy precisely the same tractor.

For a 1930-39 belt horsepower wheel tractor, in 1947-49, the cost was \$2,100.

In March 1960, the cost was \$3,070, an increase of approximately 50 percent. And for milk of manufacturing grade percent, in 1947-49, the price was \$3.85; in March 1960, \$3.22; a drop in price of 16 percent, and therefore, to buy a tractor, the increase has been from 54½ hundredweights of milk, which was what it took in 1947-49, to 95 hundredweights today, an increase of about 80 percent, a tremendous increase, a far greater increase than the most efficient dairy farmer could expect in output so that he can't come near to replacing his tractor now without making a greater sacrifice than before.

Is Mr. Otie M. Reed here?

#### STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Senator PROXMIRE. Mr. Reed, you are the executive director of the National Creameries Association?

Mr. REED. Yes.

Senator PROXMIRE. We are very happy to have you here this morning. Do you want to proceed in your own way?

Mr. REED. Mr. Chairman, I have a very short statement here. And from what I have heard from the testimony and the statements that I have seen presented, you certainly have a plethora of data presented to you as to this entire situation.

May I proceed to read parts of the statement?



Senator PROXMIRE. Go right ahead.

Mr. REED. Mr. Chairman and members of the committee, my name is Otie M. Reed, and I am executive director of National Creameries Association, with offices located at 1107 19th Street, NW., Washington, D.C.

Our membership consists of several hundred dairy plants located in Wisconsin, Minnesota, North Dakota, South Dakota, Kansas, Iowa, Nebraska, and Oregon. Practically all of our members are locally owned and operated cooperative associations of dairy producers engaged primarily in the manufacture of dairy products such as butter, cheese, and nonfat dry milk. About 30 of our plants, in addition to manufacturing facilities, also operate grade A receiving facilities and ship grade A milk to fluid milk markets.

We are appearing here today in support of S. 2917, which would increase the price support level for manufacturing milk to \$3.22 per hundredweight, and the price support level for butterfat to 59.6 cents per pound.

The proposed prices compare with price supports announced by the Secretary of Agriculture for this marketing year beginning April 1, 1960, of \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound butterfat.

In connection with legislation of this category, Senator Proxmire, I think you and others of this committee will recall that for several years we have urged the passage of legislation which would increase the support levels to three and a quarter per hundredweight for manufacturing milk with comparable increases in the price supports for butterfat.

Several years ago, I think in 1958, such legislation was actually passed by the Congress, but it was vetoed.

In the several appearances that we have made on the occasion of hearings on these other bills, we have pointed out our belief that the price support level should be increased for a variety of reasons. If we look through the figures at the end of this statement we see where I have tabulated the average prices received per hundredweight by producers at their manufacturing plants in the United States.

Senator PROXMIRE. That is very helpful.

Mr. REED. Now, the averages which I show there are unweighted averages, that is to say, we just added up the 12 months and divided them by 12.

But you will note that most of the time during this period the prices have averaged somewhat above support levels, and currently, for the first 4 months of this year, they have averaged \$3.24.

As of April—these are USDA reports coming from Agricultural Prices which was mentioned in the previous testimony—the price was \$3.17 per hundredweight.

I believe that, barring some unusual seasonality in the prices of manufacturing milk and butterfat this year, the prices still will average somewhat above the support level.

If we go into the purchase situation, purchases of butter, cheese, and nonfat dry milk during the marketing years 1956–57, shown in table 2, last year we noticed the decrease in the purchase of butter under price supports of about 15 million pounds. There was a slight increase in the purchase of cheese from the very low point reached in

1958-59, but it is extraordinarily lower than the heavy purchases of cheese in 1957 and 1958.

Nonfat dry milk—there are two columns shown there. One is purchase contracts, and the others are schedules of deliveries under such contracts, and I showed the latter column in order to take out some of the distortions that are involved in the data if we used only purchase contracts, the date that they were let, as consummating the actual purchase.

For example, we find that frequently large purchase contracts are let toward the end of the marketing season, and of course the deliveries will take place during the ensuing season.

So in the case of the major dairy products, the manufactured dairy products, nonfat dry milk is of course in very heavy supply and surplus. I think we should expect to see that continue.

SENATOR PROXMIRE. Do you have any dollar figures on the costs of this?

MR. REED. No; I haven't worked those out.

SENATOR PROXMIRE. It would seem just offhand that it was lower than in 1959-60 than any of the preceding years, although we would have to compare them closely to be sure.

MR. REED. I can work out if you wish an approximation of these purchase costs based on table 2. And if you want the data more completely, I can get it from the Commodity Credit Corporation.

SENATOR PROXMIRE. I would. These are very, very helpful charts, and I appreciate having them.

MR. REED. Would you want me to try to secure from CCC the net cost of the program, that is, the purchases plus handling, less its realizations on sales?

SENATOR PROXMIRE. Yes.

Of course, this has to be evaluated pretty carefully—

MR. REED. That is a little bit tough to get.

SENATOR PROXMIRE. And it is tough to evaluate, because where we use it in Public Law 480, or we use it in some of our other foreign-aid programs, we charge the farmer, whereas actually in my judgment, this is part of our foreign-aid program. It is very justifiable and very helpful to other countries, and so forth. But it is primarily for their benefit, rather than our farmers; if we have that in mind when we are using that, we are safe. I would like to have that information on the net cost of the program.

MR. REED. I believe I can extract that from published CCC information as to their inventory and operational position which they put out each month.

(The information referred to above is as follows:)

WASHINGTON, D.C., May 25, 1960.

HON. WILLIAM PROXMIRE,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR PROXMIRE: This letter is for the purpose of attempting to give further information as requested at the hearing Friday, May 20, 1960, on S. 2917.

I regret that complete data in respect to total costs and recoveries from dispositions are not yet available to me for the 1959-60 marketing year ending March 31, 1960.

However, on a purchase-cost basis, the cost of butter, cheese, and nonfat dry milk removed from the market under the price-support program in 1959-60 was somewhat above \$200 million. I do not have the accounting for the costs of



handling, shipping, storage, and the like, which would add to these costs. Nor do I have yet available the amount of money which Commodity Credit Corporation received from products disposed of in a number of outlets.

In respect to the matter of farm efficiencies, my comments before the subcommittee on Friday, May 20, were made from personal observation over many years of experience in dairy production and marketing and not from any precise analysis of gains in productivity in dairy farms in the United States.

While of course, with considerable research, it would be possible to show the increases in milk production per labor unit, for example, and other factors drawn from scattered research sources, we know that any number of series of general information furnishes us an understanding of the growing efficiency on U.S. dairy farms.

We know, for example, that the efficiency of the producing animal has been greatly increased in recent years. A rather adequate general measure of this is the continuous increase that is taking place in milk production per cow. For example, in 1945, total milk production was 119.8 billion pounds from 25.0 million head of milk cows on farms. In 1959, total milk production was 124.4 billion pounds from 19.3 million head of milk cows on farms. Cow numbers thus were down about 27 percent from 1945 to 1959, whereas total milk production was up 4 percent.

Milk production per cow during this same period showed an increase of 34 percent. These increases are due to better feeding practices, better handling practices, and in particular better breeding practices. We know that dairy farms are becoming larger due to expansion of farms through combination of smaller farms and the like.

The advent of bulk tanks on farms has been a large stride forward, and the records show that when farms shift to bulk tank operations they generally increase the size of the herds and no doubt the overall efficiency.

There is no question whatsoever that a much higher degree of mechanization on farms utilizes less manual labor per unit of output than ever before in history.

The same situation holds true in regard to milk processing plants. Plants are becoming far fewer in number and much larger. Members of local cooperative dairy associations are going on all the time. New plants are being constructed and smaller, inefficient plants are being closed.

It seems fair to say that the dairy farmer and the processing industry are doing their very best to increase their efficiency and reduce costs of operation, and are making great progress in these endeavors.

In spite of all this, returns to dairy farmers due to low market prices are so low that dairy farmers are in considerable distress and, therefore, S. 2917 should be enacted.

Sincerely yours,

OTIE M. REED,  
*Executive Director, National Creameries Association.*

Mr. REED. Now, as far as production is concerned this year, there seem to be some indications that it may go up somewhat. The number of cows and heifers has apparently reached the low point. Considerably more young stock is being kept on the farm as compared to recent years, and there may be, therefore, some slight increase in the production.

Of course, we all know that the witnesses that have been previously questioned in this hearing have shown the cost-price squeeze that the producers are in. And rather than quote a bunch of figures of that nature which are already in the record, I would like to say that I made a number of visits in Wisconsin and Minnesota and attended meetings in the last 3 months in which the attendance of producers and cooperative managers and members of their board of directors and the like have been heavy. And there seems to be—I am sure there is—about as much unrest and dissatisfaction with their financial position as I have witnessed in many years, not only on the part of farmers, but also on the part of the local cooperative associations who are having



great difficulty in making ends meet because of the extreme competition for supplies of milk between them.

Senator PROXMIRE. Is this, do you think, an accumulation of years?

It seems to me the basis of the figures that you have in the first chart, table 1, that the prices are a little better than they have been. Do you adjust them seasonally?

The fact is that over the last 4 or 5 or 6 years there has been a continued—what I think is a depression, not a recession—a first-class depression for farmers which has been terribly painful. This relatively small increase that you have indicated here, particularly since last fall, beginning, say in August or so, and continuing steadily, has not been sufficient to alleviate this distress.

Mr. REED. I do think you have an accumulation of many things.

Now, when the price support level was reduced some years back, and even of course before that time, the farmers approached the protection of their income position and their earnings position in two different ways.

First, you try to get as much as you can out of the finished commodity.

Second, you try to so adjust your own production practices and the like as to operate more efficiently.

Now, it has been my observation that in the major dairy areas there has been a very important movement on the part of farmers to improve their operating efficiencies. And I think they have done so to a rather marked extent.

We have witnessed the development of better handling practices, the amalgamation of herds—one farmer will go out of business and the herd will be taken in by another farmer, increasing the size of his operations. Particularly in those areas which are going into bulk tank, which is true in Wisconsin and Minnesota, the farmers who adopt that type of operation of handling milk generally increase the size of their herds and the like.

The same thing is happening in our section in operation of dairy plants. Many of your plants in the State of Wisconsin are undergoing a great deal of new construction activity, rearrangement of plant facilities, and the like, so as to operate more efficiently.

The same thing has taken hold rather rapidly in northeastern Iowa, where many small plants are being combined into large, quite efficient, first-class operating plants.

But the point is, I think that the producers and the cooperative associations, and others, have extracted, if you will, just about as much from the moves toward greater efficiency as can reasonably be expected. And I think a large part of this unrest is that in spite of all their moves to increase the efficiency of their operations, they still are not making the amount of money that they consider anywhere near appropriate.

Senator PROXMIRE. You feel that on the basis of your experience and what you said about the trend on the farms, that dairying is still a family operation?

Mr. REED. Yes.

Senator PROXMIRE. And the most efficient operation is probably limited in size, so you are unlikely to have the kind of expansion that you have in many other crops?

Mr. REED. No, I don't think you will. I think these cow pools and that sort of thing run into factors in their operational costs which make them less efficient than a well-run family farm.

The family farm is getting larger, there isn't any question about it. One man is handling in many instances twice as many animals as he handled, say, 10 years ago. And back in the days when I worked on a dairy farm in Wisconsin, we had a plethora of manpower compared to what you have now. The volume of work units accomplished, if you want to call it that, by the farmers, I think, has shown an extraordinary increase.

The point I want to make is that the——

Senator PROXMIRE. Any figures that you have on that would be very useful. I know there are all kinds of general figures on farmers as a whole, how vastly they have increased their efficiency. I think this is a very important fact, because part of the American dream is that not only you have economic justice, but when a fellow does a better and more intelligent job and is more efficient, when he works harder and puts in more time and invests his money and takes a risk and does all of these things, he deserves a reward.

I think we can show very clearly that the farmer works more, and puts in his own money and takes a terrific risk on the weather, and vast fluctuations on price, and in general we can show he is far more efficient, and he has increased his efficiency, I think, three times as fast, 81 percent in the last 12 years as compared to 27 percent in the economy as a whole.

But if I could get anything specific and definite on the dairy farmer, I think it would be very helpful to this bill so that we can nail it down in this case.

Mr. REED. I would like to do that. I will see if I can get them and supply them to you for the record. And I did want to stress that point. I personally am getting rather tired of people who consider the price-support program—who seem to think that the farmer is just sitting there waiting for somebody to bail him out of his economic difficulties.

Senator PROXMIRE. I agree with you thoroughly.

Mr. REED. I know that that is not true, that they have made great advances.

And I also do not like the proposition that many of the plants are not making any moves to do a better job, both qualitywise and in terms of cost of operations, because many of them make extensive outlays for the increase of their efficiency in manufacturing operations.

Some of the plants just a hundred miles, or 75 miles or so in Wisconsin out of Twin Cities, some of those already excellent plants have practically completely been rebuilt last year. Why?

For one thing, to produce more efficiently at a better price, to get more money for a better product, and cut their cost of operation.

I attended a meeting of managers of an organization in that area some 10 days or so ago. And those gentlemen spend a great deal of time—and these were managers of cooperative associations—discussing, on the basis of engineering studies that they had made, and the like of that, how they could organize their work force to get more out of their labor and how they could cut their costs, and they have done some pretty remarkable things. Even though, going as far



as they have, they are not able to make any particular margin of return to return to producers at the end of the year.

I will try to get this information for you, Senator.

Senator PROXMIRE. That will be very, very helpful.

Mr. REED. And thank you.

Senator PROXMIRE. I want to thank you, Mr. Reed. You certainly do an excellent job in presenting your case. You are very, very convincing and persuasive. And it will be helpful, I am sure, on the floor, and in the subcommittee and the committee when we work on this bill, which we intend to do as rapidly as we can persuade our colleagues to go to work on it.

Thank you, very, very much.

(Prepared statement of Mr. Reed follows:)

Mr. Chairman and members of the committee, my name is Otie M. Reed, and I am executive director of National Creameries Association, with offices located at 1107 19th Street NW., Washington, D.C.

Our membership consists of several hundred dairy plants located in Wisconsin, Minnesota, North Dakota, South Dakota, Kansas, Iowa, Nebraska, and Oregon. Practically all of our members are locally owned and operated co-operative associations of dairy producers engaged primarily in the manufacture of dairy products such as butter, cheese, and nonfat dry milk. About 30 of our plants, in addition to manufacturing facilities, also operate grade A receiving facilities and ship grade A milk to fluid-milk markets.

We are appearing here today in support of S. 2917, which would increase the price-support level for manufacturing milk to \$3.22 per hundredweight, and the price-support level for butterfat to 59.6 cents per pound. The proposed prices compare with price supports announced by the Secretary of Agriculture for this marketing year beginning April 1, 1960, of \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound butterfat.

This committee will recall that I have appeared before you from time to time in the last few years recommending the passage of legislation increasing dairy price supports to \$3.25 per hundredweight for manufacturing milk with comparable increases in the price supports for butterfat.

A couple of years ago such legislation passed the Congress, but was vetoed.

Each year since dairy price supports were reduced to \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound butterfat, we have urged the Secretary of Agriculture to increase price supports to the levels noted above. However, we have never been successful.

Table 1 attached hereto shows monthly and average prices for manufacturing milk from January 1958 to date. On the whole, prices have averaged above price-support levels. In 1959, with the support level at \$3.06 per hundredweight for manufacturing milk, the unweighted average price for the year was \$3.21. It is to be noted, however, that during the months of heaviest marketings from farms, April, May, June, and July, prices averaged right at support level.

During the first 4 months of 1960, unweighted prices have averaged \$3.24 per hundredweight with a high of \$3.32 in January and a low of \$3.17 in April.

Purchases of butter, cheese, and nonfat dry milk during the marketing years 1956-57 through 1959-60 are shown in table 2. During this last marketing year, butter purchases were down about 15 million pounds from the preceding year and over 80 million pounds from the high level reached in 1957-58.

Cheese purchases at 50.3 million pounds were up from the preceding year, but greatly below the very heavy purchases of 248.3 million pounds in 1957-58.

Price-support purchases of nonfat dry milk, while apparently down from the preceding year, do not tell the whole story as shown. These figures are actually purchase contracts and exclude direct purchases from section 32 fund. Also, the figures are not precisely indicative of the volumes actually taken off the market during any marketing year.

Thus, if actual deliveries out of marketing year supplies are included, including section 32 purchases, the total amount of nonfat dry milk removed from the market this last marketing year was 857 million pounds, somewhat above the previous marketing year but below the level of the 1957-58 marketing year.

It is possible that production of milk on farms this year will be somewhat above last year, but probably very little.



The number of milk cows and heifers 2 years old and older kept for milk on farms reached its lowest point in many years in 1959 at 21.3 million head.

Milk production in 1959 was down somewhat in total with production per capita of population, being the lowest on record.

There are some indications that the number of young stock being kept for milk stock on farms is increasing and this, coupled with good growing conditions, may contribute to some slight increase in production this year.

As I am sure you all know, the prices which farmers pay for commodities and services used for living and production have continued at a very high level. As of April 15, 1960, such prices were about 1 percent higher than March 15, 1960, and on the same date the year preceding. Both farm living costs and production expenses are up.

It would be possible to sit here at this table and quote figures by the hour showing the depressed conditions of dairy farmers in the manufacturing milk and butterfat producing areas. However, I am more impressed myself with many direct contacts I have had recently with dairy producers in several of the States where we have membership, particularly in Wisconsin and Minnesota. It has been many years since I have witnessed so much discouragement on the part of dairy farmers and so much unrest. This unrest also carries over into the manufacturing plants, many of which are finding it difficult to make ends meet because of very sharp competition at the producer level for the available supplies of milk.

We wish to urge this committee to report this bill favorably and we hope that, if it is enacted, it will be accepted by the administration.

Respectfully submitted.

OTIE M. REED,

*Executive Director, National Creameries Association.*

TABLE 1.—Average prices per hundredweight received by producers at dairy manufacturing plants, United States, by months, January 1958–April 1960

Month	1958	1959	1960	Month	1958	1959	1960
January.....	\$3.34	\$3.24	\$3.32	August.....	\$3.12	\$3.15	-----
February.....	3.28	3.18	3.27	September.....	3.25	3.28	-----
March.....	3.19	3.13	3.22	October.....	3.35	3.41	-----
April.....	3.01	3.07	3.17	November.....	3.35	3.48	-----
May.....	2.99	3.05	-----	December.....	3.31	3.42	-----
June.....	2.99	3.04	-----	Average.....	3.18	3.21	<sup>1</sup> 3.24
July.....	3.05	3.08	-----				

<sup>1</sup> Average 1st 4 months.

Source: Agricultural Prices, Agricultural Marketing Service, USDA.

TABLE 2.—USDA purchases in millions of pounds

Period <sup>1</sup>	Butter purchase contracts	Cheese purchase contracts	Nonfat dry milk	
			Purchase contracts	Scheduled deliveries
1956-57.....	154	197	799	736
1957-58.....	215	248	829	907
1958-59.....	150	35	941	826
1959-60.....	135	50	748	857

<sup>1</sup> April-March marketing years.

Senator PROXMIRE. Apparently all the witnesses have appeared. Is there anything else to put in the record?

I have here a statement by John C. York, executive secretary, Eastern Milk Producers Cooperative Association.

Without objection this statement from Mr. York will be placed in the record.

(Statement of Mr. York follows:)

STATEMENT FILED BY JOHN C. YORK, EXECUTIVE SECRETARY, EASTERN MILK PRODUCERS COOPERATIVE ASSOCIATION, EAST SYRACUSE, N.Y.

My name is John C. York. I am the executive secretary of Eastern Milk Producers Cooperative Association, whose offices are at East Syracuse, N.Y. Our association strongly favors of the enactment of S. 2917, which would increase the support price for manufacturing milk from \$3.06 to \$3.22 per hundredweight.

Our association has a membership of approximately 10,000 dairy farmers, and is the largest bargaining cooperative in the United States. The farms of our member-producers are located in New York State, in Pennsylvania, and in Vermont. Our milk is sold in the New York-New Jersey market, in the Boston market, and in some of the secondary markets of the Northeast, such as Connecticut and Rhode Island.

#### CONDITIONS IN THE NEW YORK-NEW JERSEY MILKSHED

Economic conditions for milk producers in the New York-New Jersey milkshed have worsened during the past 6 months. Beginning in December 1959, average or blended prices to producers in this vast milk-producing area have been lower in each month than a year earlier, and a lower price is also expected for the month of May. Thus, while the average price for all of 1959 was above 1958—\$4.48 per hundred pounds of milk as against \$4.44—the price in December was below December 1958—\$4.80 as against \$4.84.

In January the price was \$4.56, as compared with \$4.64 a year ago. In February it was \$4.38, as compared with \$4.54. In March it was \$4.15 as compared with \$4.28, and in April it was \$3.86 as compared with \$4.

A total of 49,281 dairy farmers delivered milk to the New York-New Jersey market in April 1960. The lower price they received has meant hardship for all, and disaster for many. Under the pressure of continually declining prices at a time when dairymen's expenses were rising, many producers in the New York-New Jersey area have had to give up dairying, and seek a livelihood elsewhere. Thus, only a year ago, a total of 52,153 producers delivered milk to the New York-New Jersey market. Within the relatively short period of 1 year, 2,872 producers have abandoned dairying in the New York-New Jersey production area. This is more than the number of all producers supplying the Washington, D.C., area, and almost as many as supply the whole State of Connecticut.

The New York-New Jersey marketing area is regulated by Order No. 27, issued under the Agricultural Marketing Agreement Act of 1937. The order provides for the prices producers receive for milk used for various purposes. Producers have recently sought relief under the provisions of this act, by petitioning for a suspension of certain order provisions which would have prevented a decline this spring in the price they receive for milk used for bottling purposes. The Department of Agriculture has, however, denied this request, and the price for this milk will decline further this month and next month.

In these grave circumstances, producers in our milkshed are hoping for some improvement in the price they receive for milk for manufacturing purposes. Their hopes rest on the enactment of S. 2917, which is the subject of this hearing. The increase in the support price provided by the bill is modest indeed—16 cents per hundredweight of manufacturing milk. If enacted, the bill would add about 7 cents per hundredweight of milk to the blend price in our area during periods when dairy products would otherwise sell at the lower support level.

#### NATURAL CONDITIONS

Notwithstanding reports to the contrary, the economic conditions of dairy farmers the country over is, with certain minor exceptions, unfavorable. This is particularly true of producers whose milk is utilized predominantly for manufacturing purposes. Production of milk during 1960 is expected to be higher than during 1959, and, in any case, large enough, according to the Department of Agriculture, to hold average prices for manufacturing milk near the support level. Unless changed by the enactment of S. 2917, that level will be \$3.06 per hundredweight until March 31, 1961, though for April 1960 the price was \$3.17. At the same time production costs are likely to increase further, after having reached a record high on April 15, 1960. The cost-price squeeze, under which producers have been laboring for so long, will pinch even more than before.



Much has been made of the prediction that cash receipts from dairying will reach a record figure this marketing year. Of course, with an anticipated record output of milk, and with an unchanged level of the support price, cash receipts are bound to be higher. But higher cash receipts do not mean a higher net income, since, as already indicated, production costs are likely to rise also. Higher cash receipts for the entire industry may, on the contrary, indicate a worse situation for some producers. This is due to the fact that, in adverse times, some producers who are hard pressed will increase their output in order to make ends meet.

One measure of the economic position of dairy farmers is the index of prices received for dairy products and the index of prices paid by farmers. According to the latest Economic Report of the President, the index of prices received for dairy products averaged 254 in 1959. This was a decline of 5 points since 1957 when the index stood at 259. At the same time the index of prices paid by farmers for all items, including interest, taxes, and wage rates, increased 12 points between 1957 and 1959—from 286 to 298. When only production items are considered, the result is somewhat less unfavorable—the index climbed from 257 in 1957 to 266 in 1959.

A still further measure of the economic status of dairy farmers is the amount of return received by the farm operator and family labor. In 1958 the return per hour to dairy farmers in the Northeast was 79 cents. In eastern Wisconsin it was 36 cents; and in western Wisconsin, 57 cents. The returns for 1959, when available, are not likely to be much different since cash receipts for 1959 were less than 1 percent higher than for 1958.

#### PROPOSED SUPPORT LEVEL

The support price specified in S. 2917, to wit, \$3.22 per hundredweight of milk equal to 80.3 percent of parity, would afford a modest increase in the support level. Back in 1953 the support level was \$3.74 which was 90 percent of parity. The reduction in April 1954 was then justified on the basis of the fact that stocks of dairy products in the hands of the Government were large. But this is a condition which does not exist today. On April 30, 1960, the Government held no uncommitted supplies of butter and cheese. While the uncommitted supplies of nonfat dry milk were 197 million pounds, it is well known that the demand from foreign sources for this product is very great, and once the Commodity Credit Corporation decides to reinstitute the distribution of the product, there will be no problem of disposing of all stocks.

Total purchases of dairy products during the marketing year April 1, 1959, to March 31, 1960, were the lowest since 1951–52, when measured on a milk equivalent basis. The milk equivalent of all purchases during 1959–60 amounted to 3,278 million pounds. This compares with a high of 12,415 million pounds, which occurred in 1953–54. The large purchases during that period led to the reduction in the support price, already referred to.

The trend of lower purchases experienced during 1959–60 has also apparently continued during April 1960.

It is presumably a principle of the flexible price-support program that the support level would be varied in accordance with supply and demand conditions, that is to say, that the support level would be reduced when supplies are excessive in relation to demand, and would be increased when supplies are in better balance with demand. From the data given above, the supply and demand of dairy products are now in fair balance. Hence, an increase in the support level, such as is proposed by S. 2917, is fully justified.

For all these reasons, we urge the committee to recommend the enactment of this bill.

Senator PROXMIRE. Without objection, the record will remain open until next Tuesday for additional statements which may be filed.

Since there are no further witnesses, the hearings will end, and the committee will adjourn.

(Whereupon, at 11:20 a.m., the committee adjourned.)

(Additional statements filed for the record are as follows:)



## STATEMENT FILED BY HON. GAYLORD A. NELSON, GOVERNOR OF WISCONSIN

Wisconsin is the leading dairy State in the Union, and therefore has a particular interest in all legislation affecting dairy farmers.

The bill before your committee (S. 2917) would provide new minimum support prices for milk used in manufactured dairy products of \$3.22 per hundredweight (up from \$3.06) and 59.6 cents per pound for butterfat (up from 56.6 cents) for the balance of the current marketing year, which ends next March 30, 1961.

This bill will not raise the prices farmers are now receiving for milk. Average prices were higher last month, at \$3.31 per hundredweight standard butterfat basis, than the proposed minimum of \$3.22.

These milk prices are too low to give farmers a fair return on their labor and investment. Positive action by Congress is needed to give dairy farmers the means to improve their incomes.

However, although this bill will not improve present milk prices, it will prevent them from falling much below the present level during the balance of this marketing year. If milk production were to increase later this year it might create a surplus situation which could drive milk prices down toward the present support floor of \$3.06 per hundredweight. Passage of this bill would assure dairy farmers that milk prices could not average lower than \$3.22 per hundredweight for the balance of this year.

Nevertheless this is far short of a real solution to the dairy farmers' problems.

The dairy price and income problem has been thoroughly studied by a committee appointed at my request by the president of the University of Wisconsin, Dr. Conrad A. Elvehjem. The report of this Governor's Dairy Marketing Committee concluded that the present dairy price-support program is not adequate, as follows:

"It seems obvious that our present national dairy price-support program is inadequate to deal on a longrun basis with the type of problem dairy farmers have been facing in the recent past and are likely to face in the foreseeable future. Its major inadequacy lies in the fact that this program includes no provisions for control of supply so that an effective limit may be placed on the rate of expansion of milk output."

The committee proposed a national dairy base-excess plan whereby the supply of milk could be kept in line with demand and returns to dairy farmers increased. I strongly urge your consideration of bills pending before your committee which would enable dairy farmers to establish such a program to improve their incomes.

A copy of the Governor's Dairy Marketing Committee report on the national dairy problem and the proposed national base-excess plan is attached. I would appreciate your including it in your hearing record following this statement.

(Report referred to follows:)

### III. THE DAIRY PROBLEM

The general level of dairy farmer incomes is low. Dairy prices and incomes are not keeping pace with the general level of prices and incomes in the rest of our economy. These are economic facts which are demonstrable for dairy farmers as a group, even though individual exceptions to the rule may be found.

The income problem of dairy farmers rests partly on (a) the low level and instability of farm milk prices and partly on (b) the whole complex of forces which affect the ability of individual dairy farmers to employ the right kinds and amounts of resources for efficient, large-scale milk production. Thus, a reasonably effective solution to the dairy price problem may still leave a large number of dairy farmers with inadequate incomes because of their resource problem. In this sense, and for other reasons, better milk prices will bring only a partial solution to the dairy income problem. However, this should not be taken to mean that effective action on the price front would be unimportant, for, on the contrary, improved milk prices would bring widespread benefit to a majority of milk producers.

The low level of returns among dairy farmers may be illustrated by reference to a series of data for commercial, family-operated dairy farms in western Wisconsin (table 1).

TABLE 1.—*Selected changes in western Wisconsin dairy farms and U.S. personal incomes, 1950-58*

Year	Western Wisconsin dairy farms			U.S. average family personal income before Federal income taxes <sup>2</sup>
	Land in farm <sup>1</sup> (acres)	All cattle per farm, January 1 <sup>1</sup>	Return to operator and family labor <sup>1</sup>	
1950.....	138	24.0	\$1,899	\$4,440
1951.....	139	24.5	2,747	4,900
1952.....	139	25.1	2,852	5,120
1953.....	141	26.3	2,212	5,930
1954.....	142	27.4	1,493	5,360
1955.....	145	27.7	1,553	5,640
1956.....	149	28.2	2,033	5,950
1957.....	152	28.5	2,040	6,200
1958.....	155	28.9	1,997	6,220

<sup>1</sup> U.S. Department of Agriculture.<sup>2</sup> U.S. Department of Commerce.

These data indicate the relatively low level of typical dairy farmer incomes and, when compared with the level and trend of family incomes in the entire economy, point up the widening gap which has been occurring. Thus, the dissatisfaction of Wisconsin dairy farmers with the low returns for their efforts and with the relative decline in those returns which represents a failure to share fairly in the Nation's economic growth, rests on a solid foundation.

While the dairy price level problem has many facets, much of it originates out of the persistent imbalance between the supply of and the demand for milk—in which since 1953 there has been a persistent excess of milk, selling at prices which dairy farmers considered nowhere near reasonable in relation to cost and needed income. In 1953, milk production took a big leap forward and in most years since then has continued to expand.

The growth of milk production in the face of persistently unsatisfactory milk prices may seem unreasonable and difficult to understand. It is true that in response to low milk prices many farmers have stopped producing milk and shifted into other farm enterprises. There has been a great exodus of farmers and their families from agriculture generally because of what appeared to be better opportunities elsewhere. In dairying, along with the reduced number of dairy farms, there has been a large reduction in number of dairy cows. Yet milk production has continued to increase.

Important changes in the utilization of milk have occurred during the last 30 years. Aggregate milk production has increased by approximately 26 billion pounds since 1930. There has been a gradual decline in both production per capita and domestic civilian per capita consumption of milk fat during this period. Per capita disappearance of milk fat declined from 32.1 pounds in 1930 to 26.4 pounds per capita in 1958. On the other hand, production per capita of milk solids, not fat, has declined from 75.3 to 65.8 per capita, but at the same time domestic civilian per capita consumption has increased from 38.5 to 47.6 pounds per capita (table 2). Thus when one is considering the changes in demand for and consumption of milk, the picture is a rather complex one.

TABLE 2.—*Per capita production and consumption of milk fat and milk solids, not fat, United States, selected years, 1930-58*<sup>1</sup>

[In pounds]

Year	Milk fat		Milk solids, not fat <sup>2</sup>	
	Production per capita	Domestic civilian disappearance per capita	Production per capita	Domestic civilian consumption per capita
1930.....	32.8	32.1	75.3	38.5
1935.....	32.2	31.6	73.3	38.6
1940.....	33.5	32.5	76.0	40.8
1945.....	34.3	31.6	77.6	48.7
1950.....	30.6	29.4	69.6	45.9
1955.....	28.7	27.3	67.1	47.9
1956.....	28.6	27.1	67.1	48.5
1957.....	28.5	26.3	67.3	47.7
1958.....	27.8	26.4	65.8	47.6

<sup>1</sup> Based on U.S. Department of Agriculture data.<sup>2</sup> The difference between production and consumption per capita of solids not fat is explained largely by the large volume of exports and the volume of skim milk not marketed by farmers.

One of the most disturbing trends in consumption of dairy products in recent years has been the decline in consumption of milk fat, largely reflected in reduced per capita consumption of butter. It should be noted that consumption of all fat has not been reduced. The reduction in consumption of milk fat has been largely replaced by increased consumption of fats of vegetable origin.

The changes in milk marketings have also been rather complex and this makes it difficult to appraise the consumption pattern. Since 1930 farmers have greatly reduced the volume of milk marketed by them directly to consumers or shipped as farm separated cream. During the same period they have stepped up whole milk deliveries. For example, on a per capita basis whole milk deliveries by farmers have increased from 356 pounds in 1940 to 571.1 in 1958. During the same period milk and cream retailed by farmers or shipped to plants as farm separated cream decreased from 295.8 pounds to 76.1 pounds per capita. When these two diverse trends are combined, there has been little net change in the amount of milk per capita reaching the marketing system since 1940, except for a modest increase during the war years. During the same period, however, the milk utilization on farms declined from 175.5 per capita in 1940 to 72.1 in 1958 (table 3). Thus it can be seen that the decline in per capita production of all milk mainly reflects the reduction in milk utilized on farms since the amount of milk per capita reaching the marketing system has remained essentially constant. However, it should also be noted that the important decline in per capita marketing of milk in the form of farm separated cream in a sense reflects an increase in milk marketings since the shift to marketing whole milk includes marketing the nonfat component which was formerly separated on the farm and usually fed to livestock.



TABLE 3.—*Milk production and utilization per capita, United States, selected years, 1930-58*<sup>1</sup>

(Milk equivalent—fat solids basis)

[Pounds per capita]

Year	Total production on farms	Delivered to plants as whole milk	Retailed by farmers and shipped to plants as farm separated cream	Total in combined milk and cream marketings	Total utilization on farms
1930-----	812.9	280.0	331.3	611.3	201.6
1935-----	794.4	279.8	310.4	590.2	204.2
1940-----	828.2	356.9	295.8	652.7	175.5
1945-----	856.5	492.7	210.5	703.2	153.4
1950-----	768.6	489.2	159.2	648.3	120.3
1955-----	744.9	549.3	105.8	655.2	89.7
1956-----	745.9	566.9	100.5	661.5	84.4
1957-----	735.6	574.6	83.0	657.6	78.0
1958-----	719.3	571.1	76.1	647.2	72.1

<sup>1</sup> Based on U.S. Department of Agriculture data.

The explanation for the postwar expansion in milk production lies in the technological revolution taking place in agriculture generally including dairying. Specifically, so far as dairying is concerned, the adoption of new techniques in production of feed for livestock has provided the initial impetus for larger milk production. Milk production rests on its feed supply and great strides have been made in expanding this. But even more than this, significant improvements have been made in utilizing the basic feed supply. Dairy cows have become increasingly capable of converting larger amounts of feed into milk. Consequently, farmers have not had to enlarge the size of their herds at a rate comparable with the increase in feed supplies in order to produce larger amounts of milk. Artificial insemination, better feeding practices, herd management and enlarged herd size have all played their part in this process. Very important, however, is the fact that this process has far from run its course. It has been estimated that by 1965 we could supply our national milk needs with half our present number of dairy farms and probably 20 percent fewer cows if practices followed on good dairy farms were followed generally.

The demand for milk is also growing. This growth in national demand is made up of several components, the most important of which are based on population growth and consumer disposable income. Population, the most important, is increasing at about 3 million persons each year or slightly less than 2 percent per year. The growth in per capita incomes adds a small but uncertain amount to the demand for milk each year. At our current relatively high levels of income, this factor is less important than it was when incomes were low—like years of the depression. With the rising trend in incomes, it appears that dairy farmers will share in a smaller and smaller part of these increases in incomes. For the future, then (barring widespread depression or war), growth of population will be by far the main factor giving rise to expanded demand for milk and most of its products.

The prices at which the national milk supply moves into consumption vary, of course, depending on many factors such as type of products, location, grade, amount of service provided with sale, container, season, and many other factors. We might classify milk marketings into two groups depending on whether the products are fluid milk products or nonfluid products.

Primarily because of location and public health reasons, milk which is eligible for fluid market use is so graded usually by local health authorities. During the postwar period there has been a significant widening in the relationship of prices for milk eligible for fluid market use as compared with manufacturing grade milk. Even though milk prices in both markets tend to move up and down together by roughly similar amounts, there has been a progressive improvement in the relative prices of milk eligible for fluid market use (see table 4).

During the postwar period important steps were taken to improve the quality of Wisconsin milk and to qualify it for consumption in fluid markets. Significant increases in the amount of such milk were made. But in addition, a substantial share of the ungraded milk in Wisconsin now is of sufficiently high

quality that it could qualify as eligible for fluid markets. But there simply are not enough consumers located sufficiently near Wisconsin to provide a profitable market for this milk supply. Thus, Wisconsin dairy farmers are not participating as fully as they would like in the premiums paid for milk used in fluid consumption.

TABLE 4.—*Prices received by farmers for milk eligible for fluid market and milk of manufacturing grade, United States, 1948-58*

[Dollars per hundredweight]

Year	Eligible for fluid market	Manufacturing grade	Fluid market premium difference column 1—column 2
1948.....	5.34	4.23	1.11
1949.....	4.55	3.10	1.45
1950.....	4.36	3.16	1.20
1951.....	5.02	3.85	1.37
1952.....	5.31	4.06	1.25
1953.....	4.82	3.48	1.34
1954.....	4.45	3.14	1.31
1955.....	4.50	3.15	1.35
1956.....	4.64	3.25	1.39
1957.....	4.75	3.27	1.48
1958.....	4.65	3.16	1.49

Source: "The Dairy Situation," U.S. Department of Agriculture, February 1959, p. 27.

#### IV. EXISTING PROGRAMS AFFECTING THE MARKETING AND PRICING OF MILK WITH SUGGESTIONS FOR IMPROVEMENTS

Before considering new programs to deal with the marketing and pricing problems of the dairy industry, the programs that are now in operation will be examined as to their operations and accomplishments as well as to their possible improvements. The national price support program and the Federal milk marketing order programs were basically designed to deal with short-run imbalances between supplies and demand, to achieve equity, or to preserve and maintain competition. They were not designed to keep average prices at satisfactory levels over long-run periods of time while supplies were continually out-running demand. The State's program of advertising and promoting the sale of dairy products was born in the depression years of the midthirties, but this program presumably was conceived as a continuing one, for it has received financial support from legislatures in good as well as low-income years for farmers. The farm price of milk is affected directly by the first two programs and only indirectly by the third one mentioned.

##### A. THE NATIONAL PRICE SUPPORT PROGRAM

###### *What is it?*

In order to stabilize the farm price of milk and butterfat, the Federal Government conducts a dairy support program. Under this program market purchases of dairy products are made by the Commodity Credit Corporation at prices specified in advance of the marketing year. The present program is based on legislation contained in the Agricultural Act of 1949. In this act support for prices of milk and butterfat is mandatory at such level between 75 and 90 percent of parity as will assure an adequate supply.

Each year a price support level for milk and butterfat is announced by the Secretary of Agriculture within the 75 and 90 percent of parity limits prescribed by Congress. These announced price support objectives constitute the goal of the dairy program for the coming marketing year beginning April 1. To assist in achieving prices to farmers for milk and butterfat at the announced or higher level, the Secretary then specifies prices at which the CCC will purchase certain manufactured dairy products. These products are usually butter, nonfat dry milk solids and American cheese—the major outlets for milk not consumed in fluid form. The opportunity for plants to sell such products to CCC tends to keep farm prices for milk and butterfat from falling below the price support level when supply-demand conditions are unfavorable. It is assumed that confining price support purchases to the major manufactured



products will support the entire dairy price structure since processing facilities to handle milk diverted to such uses are available in adequate supply in most areas.

TABLE 5.—*U.S. population, total farm milk production and CCC purchases of milk fat and solids, not fat, 1947-58*

Year	U.S. population, April 1 (million)	Total farm milk production (billion pounds)	Quantity of milk solids contained in CCC purchases as a percent of production	
			Milk fat (percent)	Solids-not-fat (percent)
1947.....	143.5	116.8	0	1.0
1948.....	146.1	112.7	0	0
1949.....	148.6	116.1	2.2	3.0
1950.....	151.1	116.6	3.0	3.5
1951.....	153.7	114.7	0	0.5
1952.....	156.4	114.7	0.3	0.5
1953.....	159.0	120.2	8.2	6.0
1954.....	161.8	122.1	7.3	6.5
1955.....	164.6	123.1	3.8	5.2
1956.....	167.5	125.5	4.0	6.9
1957.....	170.5	125.9	4.5	7.6
1958.....	173.4	125.2	3.7	8.2

Inasmuch as CCC purchases were necessary to maintain milk and butterfat prices at or slightly above 75 percent of parity in recent years, the Secretary of Agriculture has concluded that supplies were more than adequate and higher supports inconsistent with the law. The data in table 5 portray the growth of surplus milk production in the United States at prevailing prices. It should be noted that prices for milk and butterfat received by farmers declined significantly during this period. The price-support program has placed a floor under farmers' prices for manufacturing milk and only on rare occasions have national average market prices for a year been below the support objectives specified under the support program.

#### *Its accomplishments and shortcomings*

The present program, in spite of a level of price support which many farmers have regarded as inadequate, has made a substantial contribution to the maintenance of dairy prices and incomes. In 1953-54, for example, price-support purchases amounted to over 8 percent of the fat in milk. It has been estimated that milk prices to farmers would have had to be reduced by a third in that year to move total production through commercial markets into consumption. In the absence of price-support purchases of dairy products, but with 1958-59 production and market demand, it has been estimated that the price of manufacturing milk would be about \$2.38 a hundred pounds, or 80 cents below the 1958-59 average of \$3.18. Prices lower by these amounts indeed would have caused even more widespread distress among dairy farmers.

The support program, by permitting the CCC to maintain standing offers to purchase butter, nonfat dry milk and American cheese, has made it possible to maintain prices in fluid milk markets while carrying on unlimited disposal of surpluses in the manufactured product markets. In addition, milk ordinarily used in other manufactured products could be diverted into butter, powder, or cheese when supplies increased and prices weakened. Thus the support program has tended to insulate the entire dairy price structure from the full impact of excessive supplies.

The surplus, which has varied mostly from 4 to 8 percent in recent years at prices then prevailing, is relatively small compared with surpluses of wheat and corn. But in spite of its small size, its price depressing effects are substantial due to the inelastic demand for milk. But even more important, its persistence even at relatively low milk prices, and viewed in a context of continuing increases in production, casts serious doubt on the adequacy of our present dairy price-support program to deal with the problems looming ahead.

Under circumstances in which markets are threatened by temporary gluts, and where price-support objectives are modest, the present type of program is a relatively efficient one. Under such circumstances it has only limited unde-



sirable effects on the marketing system. It relies on the existing structure of competition to insure that the benefits of price-support activity flow back to farmers.

While the causes of recent increased milk production are many and complex in their interrelations, higher prices do encourage dairy farmers to expand output. Since the present program includes no device for limiting the expansion of production (except as the level of supports may do so) it helps to generate additional supplies of milk and in this way may contribute to the cost of the price-support program. However, it is likely that the rapid adoption of new production technology by farmers is the major factor in increased milk output. Furthermore, the intensive surplus disposal efforts of recent years have tended to obscure the magnitude of the surplus problem.

Our present program rests on an implicit assumption that the surplus is temporary, and that products accumulated for 1 or perhaps 2 years may be disposed of through commercial markets in the following year or so. Persistent accumulations under the price-support program have forced a great expansion in export and domestic relief programs along with other noncommercial disposal. But with little prospect of more than a temporary respite in surplus purchases and the continuing need for congressional appropriations to refinance the CCC, serious doubts are being voiced about all farm programs, including the dairy program.

It seems obvious that our present national dairy price-support program is inadequate to deal on a longrun basis with the type of problem dairy farmers have been facing in the recent past and are likely to face in the foreseeable future. Its major inadequacy lies in the fact that this program includes no provisions for control of supply so that an effective limit may be placed on the rate of expansion of milk output.

#### *What are some of the alternatives?*

At the present time, dairy farmers have several possible alternative courses which they might choose. They should be familiar with the probable consequences as well as the merits and shortcomings of each of them. Some farmers might prefer the gradual elimination of the price-support program or, what amounts to the same thing, price supports at much reduced levels. Others might prefer to have the present program continue unchanged for as long as possible. Still others might wish to take positive action (with all that is implied by this) to bring about higher levels of milk prices to farmers.

The first alternative, approximating conditions of relatively free production and marketing of dairy products, would have serious price consequences for dairymen. A recent report<sup>1</sup> indicates that if this course were followed for all farm products except tobacco and existing excess storage stocks were liquidated in an orderly way over the next 7 to 10 years, realized net income to agriculture by 1965 would drop about 46 percent below the 1958 level. A typical dairy farm in western Wisconsin, in spite of a probable 30-percent increase in production between 1955-57 and 1965, might expect a 13-percent decline in net cash farm income by 1965. The social costs of such a course would be very large indeed.

The second alternative of maintaining the current price-support program unchanged is probably not a feasible alternative. While some dairy farmers might prefer this, it must be recognized that there is increasing belief by the public that the large costs to the Treasury of present farm programs should not continue. Thus the mounting public objection to continued large expenditures may mean that even though dairy farmers might prefer to continue the present program, the public may not permit this alternative. At best, it seems likely that in the face of such public pressure and in view of the prospective continued increases in milk production, further reductions in the level of price supports would occur.

The third alternative—taking positive steps to bring about higher milk prices at reduced cost to Government—may have many serious economic, social, and political implications. Much of the discussion which follows deals with consideration of this alternative. It is our belief that it may be only by following this course can farmers have much hope of substantially improved milk prices in the foreseeable future. However, farmers should be fully aware of all the

<sup>1</sup> Report from the U.S. Department of Agriculture and a statement from the Land Grant Colleges IRM-1 Advisory Committee on Farm Price and Income Projections, 1960-65; S. Doc. 77, 86th Cong., 2d sess., Washington, D.C., 1960.

implications of following this alternative before making a decision on this matter.

Without presenting a comprehensive review of the several alternative programs which have been widely discussed by dairy farmers and their leaders in the last 10 years, it is probably true that they all suffer from a common shortcoming. This is their failure to include adequate provisions for controlling milk supplies. There has been a slow realization of the persistent tendency of milk supplies to be in excess of demand at reasonable prices.

Thus, one of the most fundamental changes necessary to improve the general level of dairy prices and incomes is that of developing some positive and effective mechanism within our democratic framework to gear the growth of production of milk to the growth of demand. This is a national problem which must be dealt with on a national basis. Wisconsin dairy farmers would be greatly affected by such a program and should be well represented in the development and application of such a program if it is undertaken.

During the last 20 years, dairy farmers have considered several alternatives to the present price support program. Among these the major ones have been: (a) a direct-payments program, and (b) a self-help program.

(a) *The direct-payments approach.*—Under a direct-payments program, milk prices would be free to fall to whatever level necessary in order to move current production into channels of distribution and consumption. Any differences between average prices realized by farmers and some fair price (derived by an acceptable procedure, probably using parity indexes) would be made up by direct payments to milk producers. This approach would avoid the criticism of raising prices to consumers and thus curtailing milk consumption. The costs of the program would be obvious in the amount of the direct payments and administrative costs. This would be unlike the present program which results in both somewhat higher prices to consumers and increased congressional appropriations to refinance CCC for losses on disposal of surplus commodities.

One weakness of direct-payments proposals is the fact that they have not included adequate provision for limiting supplies to a level which could be supported at low cost. In addition, dairy farmers probably have a sound basis for believing the direct-payment program, resting as it does upon an annual appropriation from the Congress, would be too risky an approach to the problem.

(b) *A self-help program.*—Dissatisfaction with the existing price-support program led to the proposal that dairy farmers undertake a so-called self-help program. Under this program it was proposed that fees be assessed against dairy farmers to finance disposal of surplus production. An organization of dairy farmers would establish broad general policies and administer the program, including the setting of price-support levels.

Congress received several bills incorporating this plan during the last several sessions but these bills failed to be reported out of committee. This suggests that Congress was unwilling to grant to dairy farmers the strong powers needed to do the job. Furthermore, responsible persons who examined this program in detail were of the opinion that the measures proposed for limiting the output of milk would not be sufficiently effective.

It seems to follow, therefore, that any effective dairy program must necessarily employ Government assistance in some form. Furthermore, it seems likely that actual administration of a dairy program having national scope and strong powers will probably have to be administered by some branch of the Federal Government. However, it is also likely that Congress would not give support to any proposal which did not receive strong support from the dairy farmers generally, perhaps in the form of a referendum.

(c) *Some alternative methods to control supplies.*—During the last 30 years, dairy farmers, from time to time, have given consideration to various devices for controlling supplies of milk. During the early 1930's, at a time when the original Agricultural Adjustment Act was being developed, it was proposed that some form of production or supply control be applied to milk. This proposal never received widespread favorable support and did not become law.

The alternative methods suggested for controlling production or supplies have included the following:

- (1) Limits on the number of dairy cows;
- (2) Milk production or marketing bases;
- (3) Federal Government purchase of cull dairy cows;
- (4) Limitations on the quality of milk marketed.

Limits suggested on number of dairy cows or on the expansion in herd size have been proposed from time to time. This proposal is analogous to the use of



acreage allotments in the basic crops. Drawing on the experience from the use of acreage allotments, one must conclude that a cow limitation would probably be ineffective since dairy farmers would feed their cows and manage their herds in a way which would result in increased milk output from the limited number of cows just as farmers have tended to add more fertilizer on their allotted acres to bring higher yields per acre. Another of the major difficulties with this device rests upon the fact that new producers, often young farmers, would have difficulty in gaining access to a market. However, this problem characterizes most supply control proposals.

The use of production or marketing bases has been a long-standing device in the dairy industry where attempts to level the seasonality in production have been made. In addition, it has been used from time to time in a number of fluid-milk markets throughout the Nation to keep local fluid milk supplies in check. For the most part, these bases have been tied to particular farms or herds. Such a program has not been seriously considered on a national basis. During the early 1930's, the producers on the Chicago fluid-milk market carried on a base program which permitted relatively easy transfer of bases for a fee by the organization. This program was later discontinued. The essential point, however, is that production or market bases are and have been rather commonplace in the marketing of fluid milk throughout the United States.

With the transfer of farms, due to death, retirement, or other reasons, some rules must be established for transferring bases. The usual procedure has been for an organization, say a cooperative, to establish its own rules on this matter. Waiting lists of applicants have often been maintained. It is obvious, of course, that favoritism and uneconomic factors may enter into the decision as to whom, among the waiting producers, should be granted entry to the market.

The suggested program of purchasing cull dairy cattle might have temporary supply reducing effects. Again it must be noted that one of the longstanding recommendations of production specialists for increasing farm output is that of culling low producing cows. It is likely that a cull dairy cow program would, after a few years, result in increased rather than reduced production since farmers would add more rapidly to their stock of high producing dairys cows.

The suggestion has been made a number of times that the supply problem of the dairy industry could be solved if low quality milk could be prohibited from access to market. This would involve the grading of milk and diversion of low quality production to noncompeting uses. Naturally producers of higher quality milk would have less objection to this than other producers. With the gradual improvement in the conditions of production and processing, it is unlikely that a substantial volume of Wisconsin milk would be defined as really low quality and thus be restricted from the market. The proponents of this proposal often seem to have in mind the thought that much of the farm separated cream, particularly that produced in the Great Plains area, would be eliminated. In view of the greatly reduced production of farm separated cream during the past 20 years, and the fact that at present prices nonfat dry milk supplies are so large in relation to commercial demand, there is serious doubt that this suggestion would be very effective.

The quality restriction proposal would tend to place a severe burden upon the grading system. It seems likely that the pressure generated under the plan might be sufficient to destroy public confidence in the grading system, since farmers and dairy plants would have a strong financial interest in assuring that milk or dairy products produced would be certified as eligible for market. Furthermore, serious criticism must be leveled against a quality program which restricted milk or dairy products from market which were satisfactory for human consumption from a public health standpoint, but which denied entry of milk to market on rather arbitrary considerations. Effective arguments can be made that so long as dairy products are fit for human consumption, the relative values placed on the several grades of products should be determined primarily by the market.

#### *Suggested improvements*

Since there seems to be little hope for widespread and substantial improvement in milk prices without placing effective limits on the rate of expansion in national milk output, dairy farmers should give intensive study to the ways in which output expansion may be controlled. If a generally satisfactory method can be developed, it might well be combined with the present price-support program to make it more effective. As such a program gradually improved the milk supply-demand balance, it would bring about an improvement in milk prices and would reduce the cost to Government of carrying on the price-support program.



Although such a program would not be easy to develop and administer, such difficulties do not appear to be insurmountable. It would be more complex than programs dairy farmers are now familiar with. It would have to be widely understood before farmers could intelligently decide whether they would be willing to undergo the discipline necessarily involved in such a program to achieve the probable benefits it would bring.

No such detailed program is presented here. Instead, the following general discussion deals with some of the fundamental issues and outlines some of the important features which should be considered in devising such a program.

*A national dairy supply control program.*—Because of the widespread distribution of manufactured dairy products and because of the significant dependence of fluid milk prices on prices of manufactured dairy products in most markets, the market for milk in all its product forms is indeed the national market. Significant changes in supply or demand soon permeate and affect prices in most of the Nation, even though persistent discrepancies exist in some markets because of a variety of special circumstances. Inasmuch as the upper Midwest is in the business of producing milk for sale both as fluid milk or in the form of manufactured dairy products, it has a special interest in prices and market conditions beyond its borders.

Similarly, because milk and product markets throughout the Nation are so closely interrelated, a supply control program undertaken in a local area would do little to improve milk prices and incomes in the local area unless outside supplies were prevented from entering and nullifying the effect of such a program. Certainly for Wisconsin, with its dependence on out-of-State markets for the majority of its milk, a supply control program for this State only would be folly. On the other hand, it should be noted that there is widespread feeling among dairy farmers in the eastern and southern United States that the dairy surplus is located in the upper Midwest and if supply control is to be undertaken anywhere, it should apply only where there is a surplus. Perhaps the main effective counterargument is that milk is milk wherever it is located, and since it all affects the general level of milk prices, such controls as are adopted, should apply equally over the Nation. Certainly supply controls applied in only one region would serve to improve milk prices generally and production would respond in the uncontrolled areas and tend to drive them back down. Thus farmers should have serious misgivings about any dairy supply control program which was not national in application.

In the absence of a continue magnanimous Congress or some large unforeseen demand, the basic prerequisite for an improvement in national dairy prices and incomes rest on the adoption by dairy farmers of an effective supply control program.

If the committee has correctly judged probable future developments in growth of demand in relation to milk production, farmers should give serious thought to alternative ways to gear the growth of production to that of demand if more satisfactory milk prices are to be obtained. Because of the complexity of the dairy industry and the large number of alternative provisions which might be combined to form a dairy program which included limits on output expansion, we have not attempted to devise a specific plan for farmers to consider. Instead, we have attempted to spell out some of the more important features such a plan probably should contain, with brief discussion of alternatives. As farmers study them, further suggestions will very likely be made.

Some of the important features are as follows:

1. The plan should be national in scope. We do not believe it would be desirable to attempt such a plan on a State or regional basis, since if this were done the price-raising effects of one State's actions would soon be dissipated through the supply response from other areas.

2. The plan should be some form of annual base-excess plan, where each producer knows and is responsible for keeping marketings within his base. Many farmers are familiar with this form of plan; it leaves the decision for excess production squarely on the individual producer. To begin the program, bases could be assigned to present producers reflecting their production in the previous 1 or 2 years.

3. The plan should not attempt to specify the prices to be paid to individual producers for either base or surplus milk. Instead, it should levy a fee on individual producers for milk marketed in excess of base. This fee might be varied periodically, depending on the size of the surplus production. It should be large enough to discourage production in excess of base. One of the main advantages of this procedure is that it would minimize interference with the milk marketing system and the complex pricing arrangements which exist and

which reflect such factors as location, quality, volume, type of product, local competitive conditions, and other things. A program which specified producer pay prices rather than levied a fee on excess milk would be exceedingly complex to administer fairly, and might seriously impair the adoption of new and more efficient marketing arrangements.

4. The plan should provide some means for the relatively easy transfer of bases. At least two procedures are possible which might be considered as alternatives. In practice, some combination of these two alternatives might be best:

(a) The agency in charge could devise appropriate rules and have responsibility for making such easy transfers.

(b) Farmers might be permitted complete freedom to transfer bases among themselves so long as titles to bases were registered with the agency charged with administration of the plan.

The first alternative would permit public decisions to guide the way bases were used, but in turn would bring the full weight of any producer dissatisfaction on the administering agency. Charges of favoritism, bribery, and other evidences of discontent would be focused on the agency. Hardship and other cases including new producers would have to be dealt with on an individual basis and the administrative problem would be very difficult. Furthermore, rigid administration might tend to preserve the pattern of milk production in an uneconomic manner.

The second alternative has much merit in that it would leave freedom with individual producers to make whatever production arrangements they desired, but within the limitations imposed by the national plan. The free market would be relied upon to allocate the rights to the national base.

Many responsible people would not be satisfied that market forces otherwise undirected, would do an adequate job of allocating bases throughout the Nation. Another important objection to freely transferable bases is that they might command a sufficiently high price that public reaction against the plan could develop. New producer and hardship cases would have to pay the market price for bases to begin or expand production.

5. The marketing certificates issued annually to baseholders (entitling them to full price for milk marketed with certificates) might be gradually increased to reflect the gradual increase in population growth or other demand factors.

6. The price support program in its present form, but modified to accommodate supply control provisions, should be continued particularly during the period of adoption of the base-excess program. As the program became increasingly effective, there would be less need for price support purchases of the magnitude found necessary in recent years. When the base-excess program had been in force for 3 to 5 years, it would still be desirable to maintain the present price support machinery in reserve to be used if necessary during period of rapidly declining demand associated with business recession and loss of consumer purchasing power.

7. The program should continue to use some form of parity criteria in specifying the price support objectives. Such criteria would apply to other commodity programs as well. Although there has been dissatisfaction with the present parity computations, satisfactory workable alternatives do not seem to have been developed.

8. The type of administrative framework and procedure provided for in the Agricultural Marketing Agreements Act of 1937 might be adapted to a national dairy supply control program. Procedures similar to those followed in promulgation and amendment of Federal milk marketing orders have much to commend them. Evidence developed at hearings would provide the basis for recommended decisions of the administrator or the Secretary of Agriculture. Such decisions could not be final until it has been ascertained that prescribed proportions of producers approve. Many dairy farmers are familiar with such arrangements and find them acceptable.

In summary, with inclusion of the features indicated above, it should be possible to devise a flexible system for adjusting production to demand at a level of prices which will give farmers a reasonable share of the national income through the marketplace. It should permit supplies to be geared to demand in an orderly and flexible manner on a national basis and in doing so, offer dairy farmers some hope for a gradual improvement in prices and incomes. Thus the dairy industry could plan for an orderly transition from the present system of price supports through market purchases to one in which prices were maintained



and gradually increased as the system of supply adjustment became increasingly effective.

The probable costs of such a program are uncertain. The administrative costs would be rather high compared with administrative costs of the present dairy price support program. However, since about half of the milk marketed is already regulated under Federal or State controls, much of this cost would not have to be duplicated. As the program of supply adjustment became increasingly effective, the volume of price support purchases would be gradually reduced to nominal levels and price support costs reduced correspondingly.

In appraising such a national program, individual farmers will necessarily consider how they individually might be affected under the several alternatives which confront them. Taking no action will minimize the limitations on freedom to produce as much as desired, but with prospects that such production will continue to be marketed at unsatisfactory prices. Implicit in the adoption of some supply control program is the assumption that farmers are willing to impose on themselves and accept the discipline necessary to achieve the goal desired by the group. This limited production, however, should tend to move to market at higher prices. So from the standpoint of income, individual farmers will have to balance their economic position (a) at prices near or possibly below current levels in the years ahead, but with no group limits on expanded output against (b) some prospect of a gradual improvement in prices, but achieved through some limitation on expanding output.

The general suggestions discussed above deal primarily with the long-run dairy supply problem. Under some circumstances, desirable features of several of the alternative programs may well be incorporated into a general supply control program. For example, it would not be desirable to attempt to counter the effects of large-scale unemployment and business recession with temporarily strong supply control measures. Provisions might be made to maintain milk production at a normal volume at such times, and to make supplemental direct payments to producers. In this way a consumer subsidy in the form of reduced dairy product prices would help maintain consumption and farm income would be maintained at the same time. Such arrangements might be combined with measures to expand consumption such as a food stamp plan or other national demand expansion programs. These suggestions indicate ways in which some flexibility may be incorporated in a general supply control program to deal with short-run problems.

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#### STATEMENT FILED BY THE AMERICAN FARM BUREAU FEDERATION

Farm Bureau is happy to present for the record a brief statement of some of the facts concerning the national dairy situation and our views with regard to proposals before the committee affecting price support levels for manufactured milk and butterfat.

#### THE NATIONAL DAIRY SITUATION

We have attempted to brief data from the various publications of the Federal Government, including U.S. Department of Agriculture, in order to give a concise picture of the dairy situation.

#### *Milk production*

U.S. milk production in 1959 totaled about 124.4 billion pounds. This was 500 million pounds below 1958 and 1.5 billion pounds—about 1¼ percent—below the record output of 125.9 billion pounds in 1957.

Last year was the second since 1952 in which annual production declined from the level of the previous year. The decreases in production in 1958 and 1959 contrasted sharply with forecasts of substantial increases that were made when the level of dairy price supports was lowered April 1, 1958.

Annual production continues at a high level, however. In 1959 it was more than 3 percent above the annual average of the period 1949–58. Production in 1960 probably will be about the same as in 1959 and still well above the 1949–58 level.

Production of milk on farms during April 1960 was about 11.3 billion pounds. This was almost 1 percent above April 1959, and about 4.7 percent above the April 1949–58 average.

Production in the first 4 months of 1960 was less than one-half of 1 percent higher than in the comparable period in 1959, if average-production-per-day figures are compared in order to eliminate the effect of the extra day in February of this year.



*Farm prices of milk*

The national average price received by farmers for all milk sold from farms at wholesale was \$4 per hundredweight on April 15, 1960. This was 19 cents lower than in the preceding month but 9 cents above the April price a year ago.

The average price of manufacturing milk (used in making American cheese, evaporated milk, and butter and byproducts) was \$3.17 on April 15, 1960. This was 5 cents lower than in March but 10 cents above a year earlier.

Fluid milk prices at the producer level in early April were down seasonably from March. Class I prices paid by dealers decreased in 47 markets, or about 1 of every 3 markets reporting to USDA. In about 160 markets these prices averaged \$5.38 per hundred pounds (3.5 percent milkfat), or 9 cents below March 1960 but 17 cents above April 1959.

Thus the price of manufacturing milk in April 1960 was up 9 cents, the price of class I fluid milk up 17 cents, and the price of all milk at wholesale was up 9 cents per hundredweight from a year ago.

*Market price and support level*

In the 1958-59 price support program year, the actual market price of manufacturing milk averaged 10½ cents per hundredweight above the annual support price of \$3.06. Further progress was made during the 1959-60 program year and the market price averaged 17 cents per hundredweight above the unchanged support price.

The national market average price in April 1960 was only 1 cent lower than 3 years ago despite a drop of 19 cents per hundredweight in the support level on April 1, 1958.

*Milkfat-livestock price ratios*

Ratios of the current average price of milkfat in farm-separated cream to average beef cattle and hog prices give an indication of the gross income opportunities in production of each of these commodities. In some geographic areas, substantial numbers of farmers shift production materially in response to changes in these price relationships.

On April 15, 1960, 2.71 pounds of beef (on the hoof) were equal in market value to 1 pound of milkfat. Except for 1951, 1952, 1958, and 1959 this was the lowest milkfat-beef ratio for any April in the last 51 years.

About 3.79 pounds of hog were equal in market value in April 1960 to 1 pound of milkfat. This was well above the milkfat-hog ratio in April 1958 and the same as a year ago. In only 4 years of the last 14 was the ratio higher at this time of year.

The current milkfat-beef price ratio strongly favors milkfat rather than hogs.

*Cash receipts from dairying*

Cash receipts from farm marketings of milk and other dairy products totaled over \$4.6 billion in 1959. This was the second highest year on record and almost equaled the all-time record set in 1957 at nearly \$4½ billion.

*Cost-price squeeze*

There can be little argument that farmers and ranchers are plagued with a cost-price squeeze. Before beginning to prescribe remedies for this situation, it seems desirable to consider some of the root causes of this agricultural dilemma.

Many of the advocates of higher and higher Government price supports for agricultural commodities, including dairy products, ignore the many factors which continue to increase costs to farmers. One of the main costs of dairy farmers is labor. Some advocates of increased dairy price supports are at the same time advocates of an increased national minimum wage and expanded coverage of millions of additional workers that will surely add to farmers' costs.

*Milk-feed price ratio*

The national average milk-feed price ratio was 1.35 on April 15, 1960. This meant a pound of whole milk would buy 1.35 pounds of concentrate rations. In only 2 years in the 51 years of record was the April ratio higher. For the 10-year period 1949-58, the average ratio was 1.19 for this time of year.

*Farm efficiency*

Efficiency on dairy farms, as measured by output per worker, continues to increase. Production per man-hour on a group of farms in eastern Wisconsin was 51 percent higher in 1958 than in 1947-49. For a similar group in western

Wisconsin the comparable increase was 70 percent, and for a group in the central northeast region it was 69 percent.

#### *Technological improvements*

Tremendous advances have occurred in farm mechanization and the science of dairy husbandry. Further advances are coming. Among the various technological developments that have contributed to efficiency, bulk handling continues in the limelight. Although its contribution to reduced operating costs on farms has been rather small, it has increased average investments and thereby stimulated the trend toward larger farms.

Milk output per cow averaged 6,438 pounds in 1959. This was about 40 percent higher than in 1940, and about 2 percent above 1958.

Many farmers who formerly shipped milk and cream as a sideline operation have quit the dairy business. Of those continuing in the business, an ever increasing proportion depend on dairying as their principal source of income.

Production of milk has increased in most recent years primarily because of rapid and widespread adoption of technological improvements, not because of changes in milk prices.

Thus the long-term outlook on farms is for more milk at relatively less cost.

#### *Potential market*

The domestic market for dairy products—about 180 million persons with a high level of expendable income—is potentially the greatest in our history.

#### *Population growth*

The rate of increase in population growth now exceeds that for milk production. In 1958, annual production of milk was equal to 724 pounds per person. This was the lowest since records were started in 1924, but a new low was reached in 1959. The high annual average for the 35-year period was 893 pounds in 1942.

Daily average production of milk per person in April 1960 was 2.1 pounds, 1 percent below a year earlier and 6 percent below the April 1949–58 average.

#### *Consumption*

A source of considerable confusion in measuring changes in milk consumption is the use of so-called milk equivalent figures. These data are based solely on the quantities of milkfat involved and ignore the milk solids not fat. The latter have a lower market value but comprise about two-thirds of the total solids in milk. Therefore, it is more meaningful to talk about consumption in terms of milk solids than milk equivalent.

During the last 10 years there has been a substantial decline in the average consumer's consumption of milkfat but an increase in his use of the milk solids not fat. Milk equivalent figures give a distorted view of what is happening.

Civilian consumption of milkfat averaged 32½ pounds per person in 1940. The average declined during World War II, rose to 31.6 at the end of the war, and then declined to a level of 26.8 pounds in 1953. In 1959, total consumption of milk fat averaged about 25.6 pounds per person—a record low.

In sharp contrast, civilian consumption of milk solids-not-fat averaged 40.8 pounds per person in 1949, 19.9 in 1946, and 46.4 pounds in 1953. In 1959, total civilian consumption of milk solids-not-fat reached 47.5 pounds per person.

Due to availability of large supplies of milk, an increasing population, and reduced Government purchases under the price support program, the total amount of milk solids consumed by our civilian population was higher in 1959 than in 1958.

There has been some overall improvement in consumption per person since 1953. This has been due to lower prices and increased promotion, expansion of the school lunch and special milk program, and distribution of supplies acquired under the price support program.

#### *Retail prices*

Retail prices of dairy products in March 1960 were unchanged from February but up slightly from March 1959. They also were above the levels of most previous years. They were lower than they would have been, however, if downward adjustments in support prices had not occurred in 1954 and 1958.

The ability of most persons to buy milk has increased much more rapidly than the retail price of milk. In 1890 it took about 26 minutes of work (at average factory labor wages) to earn enough to buy 1 quart of milk. In 1947, it took 10 minutes of labor, and in 1959 it took only 7 minutes.



Reductions in the "real" price of milk—as based on labor requirements—have been achieved at the same time that tremendous advances have been made in terms of quality improvement and services to consumers.

#### *Price support program*

Price support purchases of milk, in various forms, accounted for about 4 percent of the farm production of milkfat in the program years 1955–56 and 1956–57, about 5½ percent in 1957–58, 3 percent in 1958–59, and 2.8 percent in 1959–60. The latter figure was the lowest since 1951–52. The peak was 9.8 percent in 1953–54, the last year in which supports were maintained at 90 percent of parity.

In terms of production of the solids-not-fat in milk, price support purchases (based on actual deliveries of nonfat dry milk and including some purchases made directly with sec. 32 funds) accounted for about 5½ percent of production in the program year 1955–56, not quite 7 percent in 1956–57, nearly 8½ percent in 1957–58, 7.2 percent in 1958–59, and 7.1 percent in 1959–60.

Purchases of all three dairy products under the price support program in the 1959–60 program year were substantially less than 2 years earlier when the price support level was higher. Purchases of butter were down 37 percent, cheese purchases were down 80 percent, and purchases of nonfat dry milk (based on actual deliveries rather than contracts and including direct purchases with sec. 32 funds) were down 11 percent from 1957–58.

The overall volume of dairy price support purchases has declined as a result of reduced production of milk on farms and increased commercial consumption of milk and its products.

Direct price support purchases of butter and cheese were even less in April 1960 than a year earlier. Purchases of nonfat dry milk were substantially higher.

On April 30, 1960, CCC's uncommitted stocks of dairy products purchased under the price support program totaled 197 million pounds. This was substantially more than on December 31, 1959, when they totaled only 7 million pounds, but far less than in the fall of 1954 when they totaled more than 1 billion pounds.

#### GENERAL CONSIDERATIONS

The national dairy situation is improving. Production is undoubtedly lower, and consumption almost surely higher, than would have been the case if support prices had been maintained at higher levels.

The fact that the market price of manufacturing milk is currently well about the support level indicates that supply and demand are near a balance in the dairy industry. If, however, the minimum price support level were raised and fixed at about the annual average market price in 1959—\$3.21 per hundredweight of milk of average test—production of milk would increase as a result of the certainty provided by a support price as contrasted to a market price determined, in part at least, by actual demand-supply conditions.

In April 1958 dairy price supports were adjusted in line with the current supply-demand outlook. Many individuals and organizations contended that milk production would skyrocket upwards because of the slightly reduced Government price support level (approximately 19 cents per hundred).

Farm Bureau supported this action and predicted at that time that adjustments would be made that would be beneficial to dairy farmers.

The result? Compare production and prices for 1957—the last full year at the higher support level, and 1959—the first full year under the lower support level. Production dropped more than 1½ billion pounds per year, and the actual market price in December 1959 was as high as in December 1957.

As noted previously, total production currently is very slightly above 1959 levels while the market price of manufacturing milk is about 9 cents per hundredweight higher than a year ago.

Some persons contend that a single factor—such as the relationship of the price of beef to the price of milk—governs changes in national production of milk. Actually, there are many important factors. Among them are livestock-milk price relationships, feed-milk price relationships, weather conditions, the impact of war, the level of dairy price supports, and the ease or difficulty with which one may shift into or out of milk production.

Attempts to set artificially high prices are likely to aggravate temporary surpluses into becoming permanent surpluses.



## FARM BUREAU POLICY

At the annual meeting of the American Farm Bureau Federation in December 1960, the voting delegates established a policy on dairy price supports that reads, in part, as follows:

## "Dairy Program

"In recent months the supply-demand situation in the dairy industry has shown dramatic improvement. Commodity Credit Corporation purchases of dairy products have been greatly reduced, stocks have been virtually liquidated, and current market prices are running above support levels.

"Several factors have contributed to this improved situation. Among these are relatively high cattle prices which have encouraged continued heavy culling of dairy herds, adjustments in the support level in April 1954, and April 1958, and a strengthening of market demand for dairy products.

"Recent developments suggest that conditions may change in a manner which will encourage an increase in milk output greater than the market will absorb at current prices. To provide greater assurance that dairy farmers will not again be confronted with surplus stocks, the present price support system should be replaced by one that will keep the dairy industry on a sound basis."

## CONCLUSION

S. 2917, introduced on January 27, 1960, by Senator Proxmire, Democrat, of Wisconsin, for himself and others, proposes to establish minimum support prices of \$3.22 per hundredweight of milk for manufacturing purposes and 59.6 cents per pound of butterfat, for the program year beginning April 1, 1960. These support prices would be above those now prevailing.

There can be little doubt, based on the facts set forth herein, that our national supply of milk and butterfat is nearly in balance with demand and that the markets for dairy products are expanding.

We are for maximum net farm income for dairy farmers, and we believe it would be contrary to their best interests at this time to advocate a program that would increase the likelihood of unduly stimulating dairy production and again building up huge surplus stocks in the hands of the Federal Government. Such surpluses would hang as a tremendous weight over the market system, thus depressing the prices that dairy farmers might otherwise receive. We hope that the committee will not make changes in the present dairy price support levels.

U.S. SENATE,  
May 25, 1960.

HON. OLIN D. JOHNSTON,

*Chairman, Senate Subcommittee on Agricultural Production Marketing and Stabilization of Prices, Senate Office Building, Washington, D.C.*

MY DEAR CHAIRMAN JOHNSTON: I am writing to respectfully urge early and favorable approval by your committee of the bill, S. 2917, to establish a minimum price support level for milk and butterfat, at not less than \$3.22 per hundredweight, and 59.6 cents per pound respectively.

As you are well aware, farm prices have dropped far too low in recent years.

At the same time, agricultural costs of labor, equipment, taxes, as well as land and buildings, have skyrocketed.

By enacting this legislation—proposing an extremely modest increase in the price-support levels—the market for manufacturing milk and butterfat, I believe, would become stabilized at a somewhat higher, and thus helpful, level.

As you are well aware, dairying in the Nation—particularly in my home State of Wisconsin, the No. 1 milk producer—is extremely important to the economy.

Improving the economic outlook, therefore, is highly significant, not only to the farmer and farm equipment producing industries, but for the "main streets" of America including local grocers, hardware stores, druggists, car, truck and tractor dealers, as well as services in a community dependent upon farm buying power.

Consequently, this measure, if approved—as I believe it should be—will benefit not only the dairy farmer, but the economy of the whole country.

I sincerely hope, therefore, that your committee will approve this bill and favorably report it to the Senate at an early time.

With kindest personal regards, I remain,  
Sincerely,

ALEXANDER WILEY.







# S. 2917

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## IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1960

Mr. PROXMIRE (for himself, Mr. KENNEDY, Mr. HUMPHREY, Mr. MCCARTHY, Mr. SYMINGTON, Mr. YOUNG of North Dakota, Mr. MORSE, Mr. MUNDT, Mr. AIKEN, Mr. CARLSON, Mr. MAGNUSON, Mr. JACKSON, Mr. PROUTY, Mr. WILEY, and Mr. HENNINGS) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

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## A BILL

To establish a price support level for milk and butterfat.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That subsection (c) of section 201 of the Agricultural Act  
4     of 1949 (7 U.S.C. 1446), as amended, is further amended  
5     by adding the following new sentence to be inserted immedi-  
6     ately after the first sentence:

7     “Notwithstanding the foregoing provisions, for the mar-  
8     keting year beginning April 1, 1960, the price of milk for  
9     manufacturing purposes and the price of butterfat shall be  
10    supported at not less than \$3.22 per hundredweight and 59.6  
11    cents per pound, respectively.”

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## A BILL

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To establish a price support level for milk and butterfat.

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By Mr. PROXMIRE, Mr. KENNEDY, Mr. HUMPHREY, Mr. MCCARTHY, Mr. SYMINGTON, Mr. YOUNG of North Dakota, Mr. MORSE, Mr. MUNDT, Mr. AIKEN, Mr. CARLSON, Mr. MAGNUSON, Mr. JACKSON, Mr. PROUTY, Mr. WILEY, and Mr. HENNINGS

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JANUARY 27, 1960

Read twice and referred to the Committee on Agriculture and Forestry



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 86<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 106

WASHINGTON, WEDNESDAY, JANUARY 27, 1960

No. 14

## Senate

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God, before ever our yearning needs have broken into speech we know that Thou hearest even the secret sigh of our fainting, yet aspiring heart.

Facing with undaunted faith the duties and tasks which press on all sides, send us forth, we pray, with a gentler tone, a sweeter charity of words, and a more healing touch for all the smart of this wounded world.

Give truth to our words, sincerity to our hearts, and courage to our deeds in these times which are testing as by fire the treasure of freedom entrusted to us.

So may we in our short span of service make patriotism beautiful by our fidelity to the highest. Amen.

### THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, January 26, 1960, was dispensed with.

### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

### COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. BIBLE, and by unanimous consent, the Committee on Foreign Relations was authorized to meet during the session of the Senate today.

On request of Mr. DOUGLAS, and by unanimous consent, the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

### LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the

usual morning hour, and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

### EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

### EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Arnold W. Langner, Sr., to be postmaster at Sheboygan Falls, Wis., which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

### DEPARTMENT OF STATE

The Chief Clerk proceeded to read sundry nominations in the Department of State.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that all those nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered en bloc; and, without objection, they are confirmed.

### INTER-AMERICAN DEVELOPMENT BANK

The Chief Clerk read the nomination of Robert Cutler to be an Executive Director of the Inter-American Development Bank.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

### INTERNATIONAL COOPERATION ADMINISTRATION

The Chief Clerk read the nomination of Dennis A. FitzGerald to be Deputy Director for Operations of the International Cooperation Administration in the Department of State.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

### ROUTINE DIPLOMATIC AND FOREIGN SERVICE NOMINATIONS

The Chief Clerk proceeded to read sundry nominations for routine diplomatic and Foreign Service.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered en bloc; and, without objection, they are confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be immediately notified of all nominations confirmed today.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

### LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.



EXECUTIVE COMMUNICATIONS,  
ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AUDIT REPORT ON UPPER COLORADO RIVER  
BASIN WATER RESOURCES DEVELOPMENT  
PROGRAM

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Upper Colorado River Basin water resources development program, Bureau of Reclamation, Department of the Interior, fiscal years 1957-59 (with an accompanying report); to the Committee on Government Operations.

STATUS OF PERMANENT RESIDENCE FOR CER-  
TAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders granting the applications for permanent residence filed by certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for granting such applications (with accompanying papers); to the Committee on the Judiciary.

## REPORT OF NATIONAL MEDIATION BOARD

A letter from the Chairman, National Mediation Board, Washington, D.C., transmitting, pursuant to law, a report of that Board, including a report of the National Railroad Adjustment Board, for the fiscal year ended June 30, 1959 (with an accompanying report); to the Committee on Labor and Public Welfare.

## PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

Two resolutions of the Legislature of the Territory of Guam; to the Committee on Interior and Insular Affairs:

## "RESOLUTION 127

"Resolution relative to conveying the sincere appreciation of the people of Guam to the Honorable JOHN A. CARROLL, Senator from Colorado, Member of the Senate Interior and Insular Affairs Committee and the Senate Judiciary Committee, for introducing legislation advantageous to the territory of Guam and for undertaking other matters beneficial to the people of Guam

"Whereas the Honorable JOHN A. CARROLL, Senator from Colorado, member of the Senate Interior and Insular Affairs Committee and the Senate Judiciary Committee, has on June 2, 1959, in conjunction with the Honorable ALAN BIBLE, Senator from Nevada, introduced a bill (S. 2093) in the U.S. Senate to provide detention and other benefits to certain Guamanians killed or captured by the Japanese at Wake Island, pursuant to the War Claims Act of 1948; and

"Whereas in spite of the many duties and responsibilities of Senator CARROLL, he has always been ready to lend a helping hand to the people of Guam, as exemplified by his reception of the Honorable A. B. Wan Pat, speaker of the Fifth Guam Legislature, and by his taking time to discuss the problems of Guam with the said speaker; and

"Whereas the Senator has consistently manifested his interest and understanding of the needs of the people of the territory of Guam, and the people of the territory of Guam recognize and appreciate his most helpful assistance: Now, therefore, be it

"Resolved, That the Fifth Guam Legislature does hereby, on behalf of the people of

Guam, extend and express its sincere thanks to the Honorable JOHN A. CARROLL, Senator from Colorado, member of the Senate Interior and Insular Affairs Committee and the Senate Judiciary Committee, for sponsoring bill S. 2093 in the U.S. Senate and for his understanding and sympathetic approach to the other matters relating to the territory of Guam; and be it further

"Resolved, That the speaker certify to and the legislative secrecy attest the adoption hereof and that copies of the same be thereafter transmitted to the Honorable JOHN A. CARROLL, Senator from Colorado, member of the Senate Interior and Insular Affairs Committee and the Senate Judiciary Committee; to the Presiding Officer of the U.S. Senate, and to the Governor of Guam.

"A. B. WON PAT,

"Speaker.

"V. B. BAMBA,  
"Legislative Secretary."

## "RESOLUTION 155

"Resolution relative to commending the Honorable Marcellus Graeme Boss, Secretary of Guam, for the statesmanlike manner in which he has fulfilled his responsibilities and duties as such secretary and as Acting Governor of Guam

"Whereas since assuming the office of Secretary of Guam, on or about the 21st day of November 1957, the Honorable Marcellus Graeme Boss has shown, exemplified and demonstrated an excellent grasp of the his and problems of the people of the territory of Guam; and

"Whereas the said secretary of Guam during the absence of the Governor of Guam, demonstrated, illustrated and manifested his excellent ability, leadership, and statesmanship in steering the helm of the government of Guam, and has proven his excellent qualities as an administrator and leader of men; and

"Whereas the said secretary of Guam, further, as evidenced by the attitude and feelings of the community, including the civic leaders, the business community, the everyday workingman, the legislature, the courts, and the various Federal agencies and instrumentalities within the territory of Guam, toward him, has conspicuously portrayed his ability to gain and acquire the undying respect and admiration of the whole community, for his sincerity, and competence in fulfilling and discharging the various complicated matters referred to him; and

"Whereas such talent and competence should and must be recognized and commended by the entire community of the territory of Guam: Now, therefore, be it

"Resolved, That the Fifth Guam Legislature duly convened, on behalf of the people of Guam, does hereby commend, applaud, and approve the Honorable Marcellus Graeme Boss, secretary of Guam, government of Guam, for his sincere efforts in resolving and understanding the desires and wishes of the people of the territory of Guam, and for his true statesmanship in fulfilling and discharging the duties and responsibilities of his office; and be it further

"Resolved, That the speaker certify to and the legislative secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Honorable Marcellus Graeme Boss, secretary of Guam, government of Guam, to the President of the United States, to the Secretary of the Interior, to the Presiding Officer of the U.S. Senate, to the Speaker of the House of Representatives, and to the Governor of Guam."

A resolution adopted by the Council of the City and County of Honolulu, Hawaii, protesting against the plan of Russia to establish and use an impact area in the central Pacific Ocean for the testing of rockets and missiles; to the Committee on Foreign Relations.

A resolution adopted by Local 338, National Federation of Post Office Clerks, at Spokane, Wash., relating to the abundance of administrative work programs being introduced into post offices; to the Committee on Post Office and Civil Service.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PROXMIRE (for himself, Mr. KENNEDY, Mr. HUMPHREY, Mr. MCCARTHY, Mr. SYMINGTON, Mr. YOUNG of North Dakota, Mr. MORSE, Mr. MUNDT, Mr. AIKEN, Mr. CARLSON, Mr. MAGNUSON, Mr. JACKSON, Mr. PROUTY, and Mr. WILEY):

S. 2917. A bill to establish a price support level for milk and butterfat; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. PROXMIRE when he introduced the above bill, which appear under a separate heading.)

By Mr. COTTON:

S. 2918. A bill for the relief of Boris Priestley; to the Committee on the Judiciary.

By Mr. LONG of Hawaii (for himself and Mr. FONG):

S. 2919. A bill to provide that the Secretary of the Smithsonian Institution shall study and investigate the desirability and feasibility of establishing and maintaining a national tropical botanic garden; to the Committee on Public Works.

By Mr. HART:

S. 2920. A bill to provide for the establishment of experimental food stamp allotment programs; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. HART when he introduced the above bill, which appear under a separate heading.)

By Mr. RANDOLPH:

S. 2921. A bill for the relief of Bessie Rowley; to the Committee on the Judiciary.

By Mr. CLARK (for himself and Mr. SCOTT):

S. 2922. A bill to provide for the disposition of the Fort Mifflin Naval Ammunition Depot, Philadelphia, Pa.; to the Committee on Armed Services.

By Mr. JACKSON:

S. 2923. A bill for the relief of Ki Su (Theresa) Moun; to the Committee on the Judiciary.

By Mr. DWORSHAK:

S. 2924. A bill to amend the provisions of the Sugar Act of 1948, as amended; to the Committee on Finance.

By Mr. ELLENDER:

S. 2925. A bill for the relief of Frank Kramaro and Katica Marinovich Kramaro; to the Committee on the Judiciary.

By Mr. WILLIAMS of New Jersey:

S. 2926. A bill for the relief of Halina J. Adamska; and

S. 2927. A bill for the relief of Cristina Franco; to the Committee on the Judiciary.

S. 2928. A bill to amend title V of the Housing Act of 1949 to provide financial assistance for the provision of housing and related facilities for migratory farm labor; to the Committee on Banking and Currency.

(See the remarks of Mr. WILLIAMS of New Jersey when he introduced the above bill, which appear under a separate heading.)

PRICE SUPPORTS FOR DAIRY  
PRODUCTS

Mr. PROXMIRE. Mr. President, I introduce, for appropriate reference, a bill to provide a very moderate increase in the price-support level for dairy products. I am joined in sponsoring this bill



by Senators KENNEDY, HUMPHREY, McCARTHY, SYMINGTON, YOUNG of North Dakota, MUNDT, MORSE, AIKEN, CARLSON, MAGNUSON, JACKSON, PROUTY, and WILEY.

Mr. President, I ask unanimous consent that the bill may lie on the table until Friday, so that additional cosponsors may add their names if they wish.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the table until Friday.

The bill (S. 2917) to establish a price-support level for milk and butterfat, introduced by Mr. PROXMIRE (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

Mr. PROXMIRE. Mr. President, the enactment of this bill will cost the Government very little. It will greatly increase the seriously depressed income of dairy farmers throughout the Nation. It will do so in a sound and responsible way.

The bill would provide an increase in the price-support level from \$3.06 per hundred weight for manufacturing milk to \$3.22, and from 56.6 cents per pound for butterfat to 59.6 cents. These price supports would still not exceed the market price.

This bill merits the thoughtful consideration of the Senate for these reasons:

First. After 7 years of a grinding squeeze between falling prices for his milk and rising costs, the dairy farmer has at last worked off the surplus. Not one pound of butter and only tiny quantities of cheese, dried milk or any other dairy product remain in storage today in the warehouses of the Commodity Credit Corporation.

Second. The prices received by farmers for their milk have dropped almost 25 percent in the past 8 years. At the same time the dairy farmer has suffered a very sharp rise both in cost of living and all the costs of operating his farm.

Third. The sheer economic injustice of the dairy farmer's position is shown in the statistics published by the Department of Agriculture, which show that in America's dairyland, Wisconsin, the average farmer—allowing a 4-percent return on his invested capital—earns less than 60 cents per hour, including the value of food produced and consumed on the farm. At the same time the true cost to the average consumer in terms of the amount of time he must work at his job to earn enough to buy a quart of milk has continued to fall. In 1914 it took the average worker 22.9 minutes to earn the price of a quart of milk. By 1929 it took him 15.3 minutes. In 1947 it took him 9½ minutes. By 1959 the typical worker, earning a country-wide average wage, could buy a quart of milk with the proceeds from 6.8 minutes of work.

Fourth. This bill is a modest proposal. The economic condition of the dairy industry would justify a much higher support level. In 1953, when conditions facing dairy farmers were sim-

ilar, the Department of Agriculture, under the identical law in effect today, established a support price which was 68 cents per hundredweight higher than the present level.

Fifth. Under the proposed legislation if purchases stay at about the same level, the cost to the Commodity Credit Corporation would be an additional \$15 million. But dairy farmers would benefit by an additional \$179 million in receipts.

#### DEMONSTRATION FOOD STAMP ALLOTMENT PROGRAMS

Mr. HART. Mr. President, last year, in connection with the passage of the extension of Public Law 480, the Senate adopted a food stamp demonstration program.

This measure, which would have directed the Secretary of Agriculture to establish up to six demonstration programs in different parts of the United States, was dropped by the conference committee in favor of a broader authorization permitting the Secretary of Agriculture to establish a food stamp program at his discretion. This provision became law, and the Secretary on September 11, 1959, at his press conference, said, "The food stamp plan is a depression program. There is no need for it now. There is no depression. The economy is running near full capacity."

The bill I introduce today is the same program the Senate Agriculture Committee reported last year, and which passed the Senate. It would direct the Secretary to undertake not less than three nor more than six food stamp demonstration programs. These would be in rural and urban areas where there is substantial labor surplus. The bill would authorize the expenditure of \$20 million for this project and require the Secretary to complete the demonstration programs and report back to Congress by January 1, 1963.

The desirability of finding better methods of distributing our surplus commodities and abundant food supplies to those in need was demonstrated in the hearings of the Agriculture Committee last year. Food industry representatives and city officials of Detroit recommended and offered to participate in such a demonstration program. I am confident that there are other areas of substantial labor surplus, such as in eastern Kentucky and West Virginia, where demonstration programs could be undertaken.

We need to know how best to administer and operate a food stamp program. The usefulness of such programs has been debated for many years. Let us see if it will work. Just as we have need for agricultural research programs designed to make our land more productive, and find new industrial uses for agricultural products, and new marketing methods, we also have pressing need for finding new ways of making our abundant food supplies available in selected areas of economic depression, disaster areas, to the needy of our cities, and in the event of nationwide emergencies. It would be my belief that the usefulness of food stamp programs in accomplishing these

objectives could well be established by the enactment of this bill.

I ask unanimous consent that the bill lie on the table until the end of business on Tuesday, February 2, for those who may wish to join with me, and I also ask that the text of the bill be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed and will lie on the desk, as requested by the Senator from Michigan.

The bill (S. 2920) to provide for the establishment of experimental food stamp allotment programs, introduced by Mr. HART, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Stamp Act of 1959".*

#### TITLE I—DEMONSTRATION FOOD STAMP ALLOTMENT PROGRAMS

##### Definitions

SEC. 101. As used in this act—

(a) The term "food commodity" means any food product raised or produced in the United States on farms, including agricultural, horticultural, and dairy products, livestock, poultry, and honey.

(b) The term "State" includes the District of Columbia, Puerto Rico, and the Virgin Islands.

(c) The term "Secretary" means the Secretary of Agriculture.

(d) The term "food stamp" means a certificate, coupon, or other similar medium of exchange issued to eligible recipients.

##### Demonstration programs authorized

SEC. 102. (a) The Secretary is authorized and directed, as soon as practicable after the date of enactment of this Act, to formulate and administer in geographically dispersed areas of the United States demonstration food stamp allotment programs under which food commodities will be made available to persons with low incomes, unemployed persons, and such other persons as the Secretary determines to be in need of the type of assistance made available under such programs.

(b) Demonstration food stamp allotment programs authorized by subsection (a) shall be administered by the Secretary in not less than three nor more than six different areas of the United States, and shall, to the extent practicable, be administered in areas determined by the Secretary of Labor to be areas of surplus labor. In carrying out the provisions of this section the Secretary shall provide for at least one such program in a rural area of the United States.

##### Types of demonstration programs

SEC. 103. (a) The Secretary shall, with respect to the demonstration food stamp allotment program to be administered in any area, determine the type of program it is to be, the requirements of eligibility for participation therein, and the manner in which it is to be administered.

(b) In formulating and administering any demonstration food stamp allotment program pursuant to the provisions of this title the Secretary is authorized to consult and cooperate with appropriate State and local authorities as well as representatives of any private industry concerned with the operation of such program.

(c) The Secretary is authorized and directed in carrying out the provisions of this title to utilize such stocks of the Commodity



Credit Corporation (determined by the Secretary to be in surplus supply) as he shall deem fit.

#### *Rules and regulations*

SEC. 104. The Secretary is authorized to promulgate such rules and regulations as he deems necessary to effectuate the provisions of this title.

#### *Termination of programs—Report to Congress*

SEC. 105. (a) The demonstration food stamp allotment programs authorized by this title shall terminate prior to January 1, 1963.

(b) The Secretary shall, as soon as practicable after the termination of such programs, submit to the Congress a final report on the operation of such programs, including such recommendation as he deems appropriate. The Secretary may also from time to time make such earlier reports to the Congress as he deems appropriate.

#### *Appropriations*

SEC. 106. There is hereby authorized to be appropriated \$20 million for carrying out the demonstration food stamp allotment programs.

#### *Maintenance of other assistance*

SEC. 107. Receipt by any person of benefits under this title shall not be deemed to be income or resources under the provisions of the Social Security Act or any other Federal legislation pertaining to the security of the aged, blind, disabled, dependent children, unemployed, or other similar groups. Any State or local subdivision thereof which decreases the cash or other assistance extended to any person or group as a consequence of the assistance made available under this title shall be ineligible for further participation under this title.

#### COLORADO RIVER STORAGE PROJECT AND PARTICIPATING PROJECTS (S. DOC. NO. 79)

Mr. ANDERSON. Mr. President, on January 5, 1960, the Assistant Secretary of the Interior, Hon. Fred G. Aandahl, transmitted to the President of the Senate the third annual report of the Department on the status of the Colorado River storage project and participating projects as required by section 6 of the authorizing act of April 11, 1956 (70 Stat. 105). I request unanimous consent that the letter and accompanying report be printed as a Senate document, together with my statement to the Senate today in connection with the Colorado River storage project status and program, especially with respect to the proposed power marketing area, the cost of power, and the planning for the backbone power transmission system with particular recognition of the interests of the power preference customers under the reclamation law and coordination of Colorado River and power operations.

I also request unanimous consent that a report to the Congress by the Comptroller General on his audit of the upper Colorado River basin water resources development program, Bureau of Reclamation, Department of the Interior, fiscal years 1957-59, together with illustrations, be printed as an appendix to the third annual report of the Interior Department.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New Mexico? The Chair hears none, and it is so ordered.

Mr. ANDERSON. Mr. President, for the information of the Senate, I desire to make a statement supplementing my request to have the third annual report of the Department of the Interior on the Colorado River storage project printed as a Senate document. These annual reports are required by the authorizing act. The first annual report was printed as Senate Document No. 77, 85th Congress. A supplement was printed as Senate Document No. 96. These reports dealt primarily with the hydrologic basis for financial and operating studies. The second annual report was printed as Senate Document No. 8, 86th Congress.

Before calling attention to salient features of the third annual report, which will become Senate Document No. 79, 86th Congress, 2d session, I present to the Senate a phase of a problem relating to the Colorado storage project, which is vital to the financial and economic phases of the development.

#### URGENCY OF SETTING UP POWER MARKETING AREA

This point relates to the urgency for the Secretary of the Interior to define the power marketing area for the Colorado River storage project. Preliminary discussions of backbone transmission line layouts have been held by the Bureau of Reclamation with the Upper Colorado Preference Customers Committee, representing electric cooperatives, REA's, municipalities and other non-profit power users in New Mexico, Colorado, Utah, Wyoming, and Arizona.

Mr. Norton Davis, of my State of New Mexico, is a leader of this organization and has brought the subject to my attention.

Since the nonprofit power organizations will have preference in the purchase of power from the producing units of the project, it is imperative that they know Interior's ideas as to the marketing area, and the cost of power from the upper Colorado system, as well as coordination of river and power operations in the upper and lower basins.

The Bureau of Reclamation has submitted a preliminary outline of a backbone transmission line that would link the power-producing units of Glen Canyon, Flaming Gorge, and Curecanti and provide for interconnections with the Davis Dam-Parker-Davis Dam system in the lower Colorado area. Just how the system envisaged by Reclamation's preliminary outline would meet the needs of the preference customers over a period of 20 years or more will depend on the marketing area which we are urging the Secretary of the Interior to define without delay. Indications are the preference customers will be able to substantiate claims to all firm power to be produced at the upper Colorado project units.

The cost of the power at the bus bar and load centers, based on allocations of construction outlays attributable to this purpose, is, of course, a consideration of equal importance.

Following the presentation of Reclamation's preliminary outline the major privately owned utilities in the area submitted a comprehensive outline of a power transmission grid that would link

their systems with the upper Colorado project powerplants. This grid would extend through the States of Arizona, Utah, New Mexico, Colorado, and Wyoming and be linked with systems in Idaho and Montana. It also contemplates interconnection with the potential Four Corners coal-fired power development by the Arizona Public Service Co. and perhaps other utilities on the Navajo Indian Reservation in New Mexico and Arizona.

The cost of power at the bus bars of the major producing plants of the Colorado River storage system—Glen Canyon, Flaming Gorge and Curecanti—is quite important. The transmission costs likewise are a vital consideration, not only to the Government but to the preference customers and the consumers.

Overall, the cost of power should cover returns adequate to amortize the Federal investment. When the costs are calculated, the net revenues over and above operating and maintenance costs, will provide funds as aid to irrigation in the development of the participating projects in the upper Colorado area.

I am writing the Secretary of the Interior urging that he expedite his decision fixing the marketing area of the upper Colorado River power system, as well as forecasts of the cost of power at the bus bar and delivered at load centers. The federally owned backbone transmission grid is authorized by the Upper Colorado River Project Act and was contemplated by the Congress when the measure was passed.

Full protection must be given requirements of preference power customers under the reclamation law. The financial aspects attendant on the Federal transmission grid as an additional revenue producer to aid irrigation in the Upper Basin is, of course, a vital consideration to those of us who have aided in sponsoring the development.

#### ANALYSIS OF THIRD ANNUAL REPORT

I request unanimous consent to include in my remarks an analysis of that part of the President's budget relating to the Colorado River storage project and of the third annual report of the Secretary of the Interior on the project, as required by law.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

Construction on Glen Canyon Dam, the key structure of the Colorado River project, was halted on July 6, 1959, by a strike which continued until January 4, 1960, when an agreement permitted the recall of workers. The prime contractor for the dam construction was ahead of schedule when the strike was called, but the cessation of work absorbed all of the time leeway and more. It is the hope of the supporters of the project that the lost time may be made up so that Glen Canyon Dam, with its 900,000 kilowatt powerplant will be in operation on schedule. The program for filling Glen Canyon Reservoir is yet to be finally resolved without interfering with power production at Hoover and other downstream installations.

We urge the Secretary of the Interior to keep close tabs on the Glen Canyon construction and related schedules to insure completion of the installation as planned.







# H. R. 12238

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## IN THE HOUSE OF REPRESENTATIVES

MAY 16, 1960

MR. JOHNSON of Wisconsin introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To amend the Agricultural Act of 1949 with respect to the level of price support for milk for manufacturing purposes and for butterfat.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That subsection (c) of section 201 of the Agricultural Act  
4      of 1949 (7 U.S.C. 1446), as amended, is further amended  
5      by inserting the following new sentence immediately after  
6      the first sentence: "Notwithstanding the foregoing pro-  
7      visions, for the period beginning July 1, 1960, and ending  
8      March 31, 1962, the price of milk for manufacturing pur-  
9      poses and the price of butterfat shall be supported at not  
10     less than \$3.25 per hundredweight and 60 cents per pound,  
11     respectively."



86TH CONGRESS  
2D SESSION

H. R. 12238

## A BILL

To amend the Agricultural Act of 1949 with respect to the level of price support for milk for manufacturing purposes and for butter-fat.

By Mr. JOHNSON of Wisconsin

MAY 16, 1960

Referred to the Committee on Agriculture

izing the Committee on the Judiciary of the House and the Committee on Finance of the Senate to make full studies leading to uniform Federal standards to be observed by the States.

My bill would amend this public law to bring the subject of sales and use taxes within the definition of such studies and to halt further imposition and collection of such use taxes until the studies are made.

I think we are all aware of the problems at all governmental levels in paying for the wide range of services and activities expected by their citizens. This need is growing with the population. The rapid growth in population, plus general increases in prices and living standards make it unlikely that the pressure for revenues will decrease. This pressure has already pushed State debt levels to new and sometimes record highs.

As a result, States have been casting about for new sources of revenues. The general property tax has long been inadequate to meet the major share of local expenditures. Today, few sources of revenue at the local level have been left untouched. The present principal sources of State tax revenues include sales, motor fuels, income, motor vehicle, liquor and tobacco taxes. And the States are still looking.

It was inevitable that they should come to activities conducted within their borders, but by out-of-State concerns. Like the popularity of tariff and customs duties, these revenues afford a source of income without the painful necessity of taxing residents, and if the ultimate cost is borne by the consumer, it is not quite so obvious as a direct tax.

This does violence to the unity of the Nation, and to the concept under which our forefathers made this one free-trade territory, with no State barriers. We have, in recent decades, urged this course upon other nations, convinced that the larger the market, and the more freedom to develop it, the greater the benefits. We are seeing some fruitful results from this policy.

Yet we are doing damage to it at home as the States and other subdivisions, in their admitted need for revenue, approach interstate commerce. It could well be, as Mr. Justice Frankfurter warned, that all States of the Union would hasten to follow the policies of Minnesota and Georgia with respect to the imposition of State income taxes on out-of-State corporations, unless some minimum Federal standard is adopted. And the imposition of sales and use taxes on out-of-State sellers also offers new possibilities to harass such commerce.

It is well within the power of Congress to relieve sellers who maintain no fixed establishment within a taxing State from the obligation of collecting use taxes imposed upon consumer residents from whom the sellers have solicited and filled orders. I believe such relief is justified.

For one thing, thousands of relatively small or moderate sized corporations doing exclusively interstate business spread over several States may be subject to such a tax. They could be required to keep books, make returns, store rec-

ords, and engage legal counsel, all to meet the diverse and various tax laws of thousands of city and State taxing authorities. The problem is already tremendous, with many such authorities levying quarterly tax requirements and is growing constantly.

For another, the Congress has been occupied over the years with many difficult and intricate problems affecting economic fields such as railroads, communications, and power which overlap State lines. Trying to devise formulas has proven a difficult and wearing task. The problem of the Scripto decision suggests that this could well spread to many other types of businesses if a Federal study is not now authorized. To quote from the dissent of Mr. Justice Frankfurter:

The problem calls for solution by devising a congressional policy. Congress alone can provide for a full and thorough canvassing of the multitudinous and intricate factors which compose the problem of the taxing freedom of the States and the needed limits on such State taxing power (*Williams v. Stockham Valves & Fittings, Inc.* (358 U.S. 450)).

To me, the arguments of the Stockham case apply with equal pertinence to the Scripto case. Most likely to suffer under the Scripto dictum are the hundreds of thousands of small businesses, the smaller companies without the staff to process the required bookkeeping.

When this matter first came to my attention, at least five States were contemplating extended use of the sales tax field: Kentucky, Virginia, Colorado, Vermont, and Massachusetts. I fully appreciate the feeling at the State level that greater exploitation of tax sources is necessary. I believe, however, that we must sharply define now the limits of such taxation if we are to adhere to the constitutional concept of interstate commerce.

My bill would not prevent States from levying use taxes on resident consumers. It would free business from harassment, from paperwork, and from rigged formulas intended to favor local manufacturers against other Americans. It would meet the long standing judicial interpretation of the commerce clause that—

The States \* \* \* are not allowed "one single tax worth of direct interference with the flow of commerce."

I believe it is necessary legislation, preliminary to the establishment of a firm congressional policy on the limits of taxation.

#### SUPPORT LEVELS FOR MANUFACTURING MILK

(Mr. JOHNSON of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JOHNSON of Wisconsin. Mr. Speaker, today I am introducing a bill to increase the support levels for manufacturing milk to \$3.25 per hundred-weight and to 60 cents per pound for butterfat. This modest increase would help assure an adequate supply of dairy products for our own domestic needs and for the very important job of feeding hungry people in nations abroad. While I would like to see dairy price supports

returned to the 90 percent of parity level and feel that dairy farmers are entitled to this support price, I do not think it realistic to press for a higher figure at this time.

It is true that milk and butterfat have been selling above the present support price of \$3.06 for milk and 56.6 cents for butterfat. However, with dairying going into the flush season, the price trend is again leading downward. In February of this year, farmers were receiving \$3.26 for milk and 59.2 cents for butterfat. April figures show farmers receiving \$3.17 for milk and 58.7 cents for butterfat.

For several years, the dairy industry has been faced with increasingly severe price and supply problems. Production has moved to new high levels, and domestic consumption has fallen off.

Mr. Speaker, income of dairy farmers has declined each year for the past 8 years, while farm operating costs have risen steadily, setting new records year by year. Under the regime of Secretary Benson and President Eisenhower, the support price for dairy products has been slashed from 90 percent to 77 percent of parity. During this same period, the prices received by farmers for their milk have dropped almost 25 percent, while the cost of family living items has gone up 6 percent. The result has been a devastating cost-price squeeze which has forced many hundreds of thousands of dairy farmers out of business. In some of the major dairy-producing areas, farm families have been putting in as much as 3,300 hours of labor a year and an investment of some \$32,000 in plant and equipment to earn an hourly wage rate of 56 cents an hour.

The dairy industry is made up of some 1,200,000 farmers and over 10,200 creameries, milk-drying plants, condenseries, and other processing and distributing firms. These dairy plants are vital industries in their home communities, employing more than 250,000 workers and carrying an annual payroll of more than \$500 million. They all make an important contribution to our national economy and deserve a fair return on their labor and investment.

Mr. Speaker, in these days of ever-increasing world tensions, we have a powerful instrument for good will in the products of our dairy farms. The children's milk program has been most successful in bringing nutritious milk to children in our own schools. But we have not licked the problem of the hungry and ill-fed people in our own country, and we have made only a beginning in sharing our food with the underprivileged peoples abroad.

The familiar CARE packages have brought nutrition and comfort to countless peoples in the free world. School-children in many foreign countries are learning what milk is through the school milk program operated under Public Law 480. We all remember too well the concern last November when the Department of Agriculture ran out of nonfat dry milk for oversea relief right at the height of the Christmas season of good will and giving to the needy.

I sincerely believe that the modest increase in support levels called for in this



legislation would not only help provide a greater degree of economic stability to our dairy farmers, but would also help assure an adequate supply of healthful dairy products for schoolchildren and needy in both our country and overseas.

#### SACRILEGE BEHIND THE CLOAK OF ACADEMIC FREEDOM

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. DEROUNIAN] is recognized for 15 minutes.

(Mr. DEROUNIAN asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. DEROUNIAN. Mr. Speaker, on or about April 13, past, one of my constituents, incensed by a recent humanities class assignment at the State University College of Long Island, at Oyster Bay, N.Y., gave me a copy of the poem that was the subject of the assignment by the instructor, Merrill G. Rodin.

Profoundly disturbed by the poem, I wired the Governor of the State of New York, the New York State Board of Regents, the New York State Commissioner of Education, and the dean of the State University College of Long Island, asking an immediate investigation. The poem and my action are related in the following release from my office:

#### DEROUNIAN BLASTS BEATNIK SACRILEGE

Representative STEVEN B. DEROUNIAN, Republican, of New York, "shocked and greatly disturbed" that "under the guise of teaching the humanities" there was distributed to a class of the State University College of Long Island, at Oyster Bay, N.Y., a "cheap, tawdry, and insolent beatnik poem ridiculing and deriding the most solemn and sacred event in Christian belief—the crucifixion of Christ," has wired Governor Rockefeller, the New York State Board of Regents, the New York State Commissioner of Education, and the dean of the State University College of Long Island, asking an immediate investigation.

"Is such blasphemy part of the education the taxpayers are paying for?" the legislator asked.

"This is the kind of class assignment I would expect in a university in the Kremlin where it is taught that belief in God is an 'opiate,'" Congressman DEROUNIAN said. "All our efforts, everything we strive to accomplish in the United States is for one purpose—to build a better world for our children. Of what value are our labors if mandatory assignments in public schools arrogantly belittle and degrade Christianity? I resent this outrageous episode, as should every Christian."

"If there is a concentrated and planned effort to try to destroy Christian belief, under the guise of education, we should know it," DEROUNIAN stated, "so immediate corrective action can be taken."

The excerpt from "A Coney Island of the Mind: No. 5," distributed to the class in humanities, on or about April 5, for analysis and discussion on April 7, follows: -

#### "A CONEY ISLAND OF THE MIND: NO. 5 (By Lawrence Ferlinghetti)

"Sometime during eternity  
Some guys show up  
And one of them  
Who shows up real late  
Is a kind of carpenter  
From some square-type place  
Like Galilee

And He starts wailing  
And claiming He is hep  
To who made heaven  
And earth  
And that the cat  
Who really laid it on us is his Dad.  
And moreover  
He adds  
It's all writ down  
On some scroll-type parchments  
Which some henchmen  
Leave lying around the Dead Sea somewhere  
A long time ago  
And which you won't even find  
For a couple thousand years or so  
Or at least for  
Nineteen hundred and forty-seven  
Of them  
To be exact  
And even then  
Nobody really believes them  
Or me  
For that matter.  
You're hot  
They tell Him  
And they cool Him.  
They stretch Him on the Tree to cool  
And everybody after that  
Is always making models  
Of this Tree  
With Him hung up  
And always crooning His name  
And calling Him to come down  
And sit in  
On their combo  
As if He is the king cat  
Who's got to blow  
Or they can't quite make it  
Only He don't come down  
From His Tree  
Him just hang there  
On His Tree  
Looking real petered out  
And real cool  
And also  
According to a roundup  
Of late world news  
From the usual reliable sources  
Real dead."

Dean Leonard K. Olsen, State University College on Long Island, replied, and I wrote him further:

APRIL 19, 1960.

The Honorable STEPHEN B. DEROUNIAN,  
Member of Congress, House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN DEROUNIAN: Your telegrams and statements concerning the content of a poem discussed in one of our humanities classes recently have prompted us to make an inquiry into the facts so that the circumstances can be made clear.

I am sure that you did not mean to infer that our college is antireligious, but I regret that we did not have an earlier opportunity to explain this matter and avoid any misunderstandings. It certainly was not the intention of any member of our instructional staff to offend any student or to deride his religious beliefs.

Perhaps we can best understand the event which occurred if we review the purpose of the humanities course at our college which is similar to basic humanities courses in other institutions.

The primary focus of the course is upon works which have won an established and recognized place in the tradition of great literature. These represent values set forth from a wide variety of points of view and modes of expression. Among authors studied for example are St. Thomas Aquinas, Lincoln, Shakespeare, Donne, Milton, Father Hopkins, Yeats, Plato, etc. The students have read such works as "God's Grandeur," by Father Gerard Manley Hopkins, Wordsworth's "Ode on Intimations of Immortality," and St. Thomas Aquinas' "Proofs for the Existence of God."

These works are not studied for themselves, simply, but also for the purpose of developing in the student the disciplined ability to understand and appreciate other comparable works which he will encounter elsewhere in college and in adult life. It is inevitable and desirable that many students will encounter positions with which they cannot agree, but it is the obligation of a university to inquire into and to examine impartially and broadly rather than protect students from views other than their own.

In following the purposes of a humanities course, the program in literature is not antireligious or partisan. The poem to which you refer is not included in the regular program, but was discussed in response to requests from students. In permitting discussion of the poem by an author whose works are not considered antireligious, the instructors assumed both the freedom and the responsibility which traditionally belong to a member of a university faculty. Students were afforded an opportunity to use their newly acquired skills of literary analysis on something considered modern and unconventional and to agree or disagree as they saw fit.

We appreciate your interest in the program and teaching at our college and will be glad to discuss them with you in detail at your convenience.

Sincerely,

LEONARD K. OLSEN,  
Dean, State University, College on  
Long Island.

APRIL 26, 1960.

Dean LEONARD K. OLSEN,  
State University,  
College on Long Island,  
Oyster Bay, L.I., N.Y.

DEAR DEAN OLSEN: I appreciate your letter of April 19, which arrived while I was in California on committee business.

You have missed my point completely.

Apparently you do not agree with me that a faculty member of a tax-supported college should have, also, the attributes of common sense and judgment, in teaching his students.

I have no objections to the study of beatnik poetry but I do feel very strongly that a captive student audience should not be subjected to perverted proselytizing of the most sacred belief of Christianity. You have been quoted as saying that the poem in question is "deeply religious"; you must know that in the beatnik vocabulary words like "square" and "dead" are words of absolute derision.

Following your line of thought, pornography would be regarded as a respected art and worthy of discussion, in this light, by a class of freshmen students, because the teacher in charge so assigned it.

Sincerely yours,

STEVEN B. DEROUNIAN,  
Member of Congress.

Newspapers reported that both the dean and instructor thought the poem "deeply religious," and the author was quoted in the April 19 issue of Newsday, as follows:

What the poem is saying is that the way the world acts, you'd think that Christ is dead and that's what it says. As far as I'm concerned, it is not blasphemous and does not have any blasphemous intent. I used hip language, sure, but I'm not making a parody of the Crucifixion just for the hell of it. All I'm saying is how the spirit of Christ ain't with us no more.

The voice of the people is expressed in this editorial, which appeared in the April 15 issue of the New York World-Telegram and the Sun:







# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 8, 1960

For actions of June 7, 1960

86th-2d, No. 103

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HIGHLIGHTS: Sen. Proxmire urged increased price supports for dairy products. Rep. Hoeven introduced sugar bill.

## HOUSE

1. COLOR ADDITIVES. The Interstate and Foreign Commerce Committee reported with amendment H. R. 7624, to amend the Federal Food, Drug, and Cosmetic Act so as to authorize the use of suitable color additives in or on foods, drugs, and cosmetics in accordance with regulations prescribing the conditions (including maximum tolerances) under which such additives may be safely used (H. Rept. 1761) p. 11193
2. RECLAMATION. Requested the President to return S. 1892, to authorize construction of the Norman, Okla., reclamation project, for a correction in the engrossed copy of the bill. p. 11152
3. WILDLIFE. The Fisheries and Wildlife Subcommittee of the Merchant Marine and Fisheries Committee voted to report to the full committee H. R. 12449, to amend the Migratory Bird Treaty Act to increase the penalties for violation of that Act. The "Daily Digest" states that this bill was amended with instructions to introduce a clean bill. p. D517
4. RECREATION; FLOOD CONTROL. The Flood Control Subcommittee of the Public Works Committee voted to report to the full committee H. R. 900, to provide that 75%



of receipts from certain recreational activities in connection with lands acquired for flood control and other purposes shall be paid to the State.  
p. D517

5. IMPORTS. The "Daily Digest" states that conferees agreed to file conference reports on the following bills: p. D517

H. R. 9862, to extend the suspension of the import duty on casein until June 30, 1963;

H. R. 9881, to extend for two years the existing provisions of law relating to the free importation of personal and household effects brought into the U. S. under Government orders;

H. R. 9322, to make permanent the existing suspension of duties on certain coarse wool.

6. FOREIGN AFFAIRS. Rep. Wolf inserted an article describing the work being done by the ICA mission in their programs of community development in rural villages in the Philippines and other underdeveloped areas. pp. 11163-4

7. FOREIGN TRADE. Rep. Morse inserted, and he and several other Representatives criticized, a recent study report on reorganization of the Organization for European Economic Cooperation by calling it an attempt "to circumvent the constitutional provisions which place in the Congress ... the control of the trade policies ..." pp. 11164-85

8. INTEREST RATES. Rep. Patman criticized the administration's interest rate policy which, he stated, will cost the taxpayers \$130,000,000 for refinancing bonds before these bonds mature. pp. 11185

9. PATENTS; RESEARCH. Rep. Holifield discussed his reasons for believing that "the Government ... should own patents resulting from work it has financed" and inserted a statement by Admiral Rickover to back his position. pp. 11185-92

#### SENATE

10. DAIRY PRICE SUPPORTS. Sen. Proxmire inserted portions of the testimony before the Senate Agriculture and Forestry Committee on S. 2917, to increase dairy price supports, including the testimony of this Department, and stated, "it seems to me these hearings make a devastating case for the bill. It would cost the Federal Government very little. It would significantly increase the depressed income of the dairy farmers of this Nation." pp. 11106-16

11. FOREIGN TRAVEL. Passed as reported S. 3102, to strengthen the domestic and foreign commerce of the U. S. by providing for the establishment of an Office of International Travel and Tourism and a Travel Advisory Board. pp. 11139-45

12. MARINE RESEARCH. The Interstate and Foreign Commerce Committee reported with amendments S. 2692, to provide a ten-year program of oceanographic research and surveys, including research on the utilization of marine products for human consumption, animal feeds, and fertilizers and organic chemicals (S.Rept. 1525). p. 11098

13. WHEAT LOANS. Sen. Morse inserted two letters from Oregon farmers defending the CCC loans they had received on their wheat crops, and Sen. Morse stated the letters "will provide many of the answers to ill-informed persons unfamiliar with the operation and financing of wheat farms." p. 11146



premacry of the individual rather than the state—these are far closer to the natural aspirations of man than the anthill concepts of communism. In any equal propaganda contest, what these Western concepts have brought in human well-being will become obvious and irresistible to the majority of mankind.

In my 1955 memorandum to the White House I wrote: "Once that decision is made, some of the means for implementing it will become self-evident; others will be explored and developed under the impetus of a clear-cut goal. Agreement on the problem must come before agreement on the solution."

But Abraham Lincoln said it better a century ago: "Determined that the thing can and shall be done, and then we shall find the way."

Mr. PROXMIRE. Mr. President, the article by David Sarnoff, which my senior colleague [Mr. WILEY] has submitted for printing in the RECORD, is a stimulating contribution to the Life-New York Times debate on the national purpose.

Mr. Sarnoff calls for an end to the negative approach of seeking for agreement and coexistence in the cold war with communism. He pleads for an America that will regain the initiative. As he puts it:

Our strategy for victory would aim to seize the initiative in every possible arena of competition. \* \* \* American ingenuity would be called upon to evolve devices and techniques to exploit weaknesses and vulnerabilities in the Communist world, to keep the enemy constantly off balance, to impose upon him problems and crises instead of always waiting to counteract crises of his making. By all the instruments of communication and through the loudspeakers of events, we would aim to saturate the Communist world with reminders that we intend to keep alive the memory of human dignity, the hatred of injustice, the hope of liberation, and the courage needed for resistance.

#### HOSPITALIZATION INSURANCE VIRTUALLY IMPOSSIBLE FOR SOCIAL SECURITY RECIPIENTS

Mr. PROXMIRE. Mr. President, millions upon millions of our own senior citizens are condemned to a life of dread and deprivation, and to a grim choice between needed medical care and adequate diet in what we like to think of as their golden years.

I have a letter which is typical of the ones I received expressing the attitude of these older people. There is only one answer to such a letter—prompt and effective action by this 86th Congress.

I ask unanimous consent, Mr. President, that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Social security does not take care of taxes, living expenses, etc., especially when the doctor and hospital bills accumulate. Our insurance policy was recently raised by \$17 a month. The best we can get out of it is \$350 for hospitalization. They do not pay my doctor bills which count up with three shots twice a week. That is what the old people have to contend with if they still want to keep their self-respect.

It simply cannot be done any more on \$127 a month social security.

Please do all you can to help us.

Sincerely,

#### HUMANE TREATMENT OF ANIMALS IN RESEARCH

Mr. PROXMIRE. Mr. President, the use of living animals in medical experimentation, it is commonly agreed, is frequently necessary for progress in medical research. Great benefits have developed out of intelligent research with laboratory mammals. It has been observed that if the price of the iron lung was 24 cats, or the cost of insulin 33 dogs, then mankind got a rare bargain.

At the same time, there is no doubt that many experimental animals have been treated inhumanely in the name of scientific research. Documented cases range from the sheer sadism of burning live pigs to death in gasoline flames, purportedly to study the causes of human death by fire, to the mere thoughtlessness which causes laboratory animals to be poorly fed or badly housed.

Clearly, there are two sides to the animal experimentation question. On the one hand, such experiments have made possible great scientific and medical achievements. On the other hand, some thoughtless or careless experimenters have inflicted unnecessary pain and suffering on laboratory animals. What is needed is an approach to this question which preserves the necessary and useful aspects of animal experiments while preventing the abuses.

In order to achieve both these goals there has been introduced a bill, S. 3570, to provide for the humane treatment of animals used in experiments and tests by recipients of grants from the United States and by agencies and instrumentalities of the U.S. Government. The principal sponsor of this bill is the Senator from Kentucky [Mr. COOPER], and I am glad to be a cosponsor, along with Senators MANSFIELD, BARTLETT, BYRD of West Virginia, KEFAUVER, MORSE, RANDOLPH, GRUENING, McNAMARA, CLARK, CHURCH, and WILLIAMS of New Jersey. The goal of the bill is to make sure that in experiments requiring the use of live animals, precautions are taken and efforts are made to conduct such experiments in as humane a manner as possible.

In recent weeks, two important newspapers have endorsed the principles of this badly needed legislation. On May 25, the Louisville Courier-Journal printed an editorial, under the heading "Men Owe Justice to the Animals Who Save Lives," which clearly and concisely explains the purpose of S. 3570 and how it is intended to work. On June 6, the Washington Post carried an editorial, entitled "Animals and Research," which thoughtfully outlines the background and philosophy of the bill.

I ask unanimous consent that both these editorials be printed at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Courier-Journal, May 25, 1960]

#### MEN OWE JUSTICE TO THE ANIMALS WHO SAVE LIVES

Millions of animals are used every year for scientific experiments in the laboratories of America. Countless human lives have been saved by the knowledge gleaned from these adventures. Every person who has sat in a

sick room and watched a patient win the battle against death with the aid of new drugs and new methods of treatment should offer up a prayer of thanks for the laboratory work that has brought such succor to suffering mankind.

Those who rejoice in the miracle of modern science could do so with a truly full heart if they could be assured that the animals used for experimentation have not suffered unneeded pain in the process. No such assurance has been possible up to the present. Now it is offered, in large degree, if Congress can be persuaded to pass a bill introduced by JOHN SHERMAN COOPER, of Kentucky, and 11 other Senators. It is officially known as S. 3570.

#### ITS AUTHORITY LIMITED

The Cooper bill's purpose is "to provide for humane treatment of animals used for research." Its authority extends only to animals used by recipients of grants from the U.S. Government or one of its agencies or instrumentalities. This will in fact cover a large majority of the laboratory animals, however. Also, the bill will place the Federal Government in the position of offering standards of decent practice for all other agencies using animals for experimentation.

The bill sets up a system of licensing for all such work conducted or financed by the Government. Licenses would be issued by the Secretary of Health, Education, and Welfare, whose office would also keep full records of all experiments conducted under the bill's terms.

The legislation establishes rules which every licensee must follow, or suffer the loss of his license. These include for every laboratory animal "a comfortable resting place, adequate space and facilities for normal exercise, and adequate sanitation, lighting, temperature control and ventilation." There must also be adequate food and water, and a ban against unnecessary or avoidable pain through neglect or mishandling.

In the operating process, the bill requires the use of anesthesia to prevent pain during and after the experiment, except to the extent that the use of anesthetics would frustrate the object of the experiment. This section is typical of the practical and moderate tone of the bill.

#### A SENSIBLE BALANCE

The whole measure strikes a sensible balance between the needs of medical research and the demands of humane treatment for animals. Because of its very moderation, it will displease extremists on both sides. Those who oppose vivisection for even the best of purposes will condemn it. Those, on the other hand, who regard the welfare of animals as being of no consequence whatever in experiments for the benefit of the human race will be impatient of the bother caused by the bill's licensing requirements.

Surely there are many millions of Americans, however, who want scientific experiments to continue, but who also want to feel that human beings are not benefiting by the unnecessary agony of dumb animals. Their voices should be raised in behalf of the Cooper bill. They will need to speak loudly and publicly, however, if they hope to overcome the outcries of small but highly vocal minority groups who are bound to oppose the measure.

[From the Washington Post, June 6, 1960]

#### ANIMALS AND RESEARCH

Nearly a century ago, in response to a petition to the Government signed by Charles Darwin, Thomas Huxley, Edward Jenner and some other distinguished scientists, Great Britain adopted legislation designed to prevent the infliction of needless suffering upon animals used in laboratories for research purposes. The United States has no comparable national legislation. A bill is now to be submitted to Congress, however, to provide for the humane treatment of ani-



imals used in experiments and tests by recipients of grants from the United States and by governmental agencies. Carefully drafted so that it will in no way inhibit or impede genuine research, such legislation deserves support.

Two postulates should be recognized. One is that experiments involving pain and death for animals have enlarged man's knowledge and brought great gifts to humanity; such experiments are, therefore, entirely justified. The other postulate is that needless pain is often inflicted on living creatures through carelessness, callousness, ignorance and wanton neglect in handling animals; the infliction of such suffering is unjustifiable cruelty demeaning to human beings. The aim of any legislation in this area must be to promote the one and prevent the other.

Real research will not be restricted by a law requiring decent care, feeding and housing of animals awaiting experimentation. In many experiments, it will not be inhibited by a little extra effort expended to anesthetize animals or to put them out of their misery when the experiment has been completed. The standards ought to be fixed by scientists themselves and they ought to make ample allowance even for remote possibilities of advancing human knowledge. But some setting and enforcement of standards are necessary to keep sadism from being confused with science.

#### DAIRY PRICE SUPPORTS FOR 1960

Mr. PROXMIRE. Mr. President, in the middle of last month hearings were held before a subcommittee of the Committee on Agriculture and Forestry of the U.S. Senate on dairy price supports for 1960. Those hearings were on a dairy price support bill which I introduced.

It seems to me these hearings make a devastating case for the bill. It would cost the Federal Government very little. It would significantly increase the depressed income of the dairy farmers of this Nation. I ask unanimous consent that certain portions of the hearings be printed at this point in the RECORD.

I refer specifically to my statement, on pages 4 and 5; to the statement of the Department of Agriculture, on pages 12 to 24, including the interrogation of Department officials by the Senator from Vermont [Mr. AIKEN] and myself; the testimony by Mr. E. M. Norton, secretary of the National Milk Producers Federation, on page 25 and pages 34 to 36; the testimony by Mr. Gilbert Rohde on pages 37 through 40 and pages 42 to 43; the testimony by Mr. William Eckles, on pages 44 to 51; and the testimony by Mr. Otie Reed, on pages 51 to 57.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. WILLIAM PROXMIRE, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Senator PROXMIRE. This bill, S. 2917, to provide a more just income for dairy farmers, will cost the Government very little. It will greatly increase the seriously depressed income of dairy farmers throughout the Nation. It will do so in a sound and responsible way.

The bill would provide an increase in the price support level from \$3.06 per hundredweight for manufacturing milk to \$3.22, and from 56.6 cents per pound for butterfat to 59.6 cents. These price supports would still not exceed the market price. I think that is still the case.

This bill merits the thoughtful consideration of the Senate for these reasons:

1. After 7 years of a grinding squeeze between falling prices for his milk, and rising costs, the dairy farmer has at last worked off the surplus. Not 1 pound of butter and only small quantities of cheese, dried milk, or any other dairy product remain in storage today in the warehouses of the Commodity Credit Corporation.

2. The prices received for their milk have dropped almost 25 percent in the past 8 years. At the same time the dairy farmer has suffered a very sharp rise in both the cost of living and all the costs of operating his farm.

3. The sheer economic injustice of the dairy farmer's position is shown in the statistics published by the Department of Agriculture, which show that in America's dairyland, Wisconsin, the average farmer, allowing a 5-percent return on his invested capital, earns less than 60 cents per hour, including the value of food produced and consumed on the farm. At the same time, the true cost to the average consumer in terms of the amount of time he must work at his job to earn enough to buy a quart of milk has continued to fall.

In 1914, it took the average worker 22.9 minutes to earn the price of a quart of milk. By 1929 it took him 15.3 minutes. In 1947 it took him 9.5 minutes. By 1959, the typical worker, earning a countrywide average wage, could buy a quart of milk with the proceeds from 6.8 minutes of work. This is great. The farmer can and will continue to provide milk for less and less work. But the rate and timing of this reduction is all important. It is the difference between justice and gross injustice for the farmer.

4. This bill is a modest proposal, as the senior Senator from Vermont has said. The economic condition of the dairy industry would justify a much higher support level.

In 1953, when conditions facing dairy farmers were similar, the Department of Agriculture, under the identical law in effect today, established a support price which was 68 cents per hundredweight higher than the present level.

I want to document that for just a minute by pointing out that on January 8, 1960, the Secretary announced that the support prices for manufacturing milk and butterfat are being continued at \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound for butterfat.

In the same release, the Secretary stated that the average price received by farmers for butterfat so far in the current marketing year is 59.6 cents per pound, 3 cents above support, and the price for manufacturing milk is \$3.22 per hundredweight, 16 cents above support.

The proposed legislation would provide a price support level of \$3.22 for manufacturing milk, the same figure which the Secretary indicated represents the current market price level.

The Secretary also announced that the 1960 support rates are about 77 percent of the parity equivalent price for manufacturing milk, based on parity prices are announced on December 30, 1959. This, he stated, continues the percentage of parity level of support currently effective.

If the parity equivalent for manufacturing milk were based on 88 percent of the parity price of all milk sold wholesale, as announced December 30, \$3.06 would represent 70.5 percent of parity. As we all know, 88 percent was the parity equivalent used for a number of years up to a couple of years ago—\$3.06 on that basis would represent 70.5 percent of parity, far less than the law in fact requires.

The parity equivalent based on 80.2 percent of the parity price of all milk wholesale, as announced December 30, means that \$3.06 represents 77.5 percent of that parity

equivalent. The proposed level of \$3.22 would represent 81.5 percent of that parity equivalent.

Under the proposed legislation, if purchases are about the same, the cost to Commodity Credit Corporation would be an additional \$15 million. But dairy farmers would benefit by an additional \$179 million in receipts.

Mr. BEALL. Mr. Chairman, this statement is based on and supplements the Department's report of March 22, recommending against enactment of S. 2917.

S. 2917 would amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted after the first sentence:

"Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

The Department feels that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions.

The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The support prices for the last marketing year, which ended March 31, 1960, were \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices were 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. While a little progress was made toward closing the gap between production and consumption in commercial outlets, it still was necessary to buy substantial quantities of dairy products.

During the last marketing year, CCC purchased 135 million pounds of butter and 50 million pounds of cheese. Also, the Department removed from the market 857 million pounds of nonfat dry milk. The total acquisitions for the marketing year contained about 2.9 percent of the milkfat and 9.3 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses.

The price-support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by school children and military personnel.

Market prices of some dairy products were above the CCC buying prices in the last 8 months of the 1959-60 marketing year. The actual prices received by farmers for the entire 1959-60 marketing year averaged \$3.23 a hundredweight for manufacturing milk and 59.5 cents a pound for butterfat. The bill seeks to maintain approximately this level for the current 1960-61 marketing year.

The number of milk cows on January 1, 1960, was seven-tenths of a percent smaller than a year earlier. This was the smallest decrease in 6 years. The numbers of yearling heifers and heifer calves on January 1 were larger than in recent years. The number of these replacements per 100 milk cows were the largest on record. The increases in production per cow in 1958 and 1959 were not enough to offset the declines in cow numbers, and total milk production declined slightly each year. In 1959, however, farm use of



milk declined more than milk production did and total farm marketings of milk increased slightly. Meanwhile, there was a further shift from farm-separated cream to whole milk deliveries by farmers which brought more nonfat milk solids onto the market.

Milk production in the first 4 months of 1960 totaled about 1 percent above a year earlier. Only part of this increase was accounted for by the extra day in February. Feed supplies are at record levels and lower priced than last year. These developments indicate that a potential exists for a significant increase in milk production.

On January 8, the Department announced that the support prices for the 1959-60 marketing year would be continued through the 1960-61 marketing year. As of the beginning of this marketing year these support prices are 76 percent of the parity equivalent and parity prices for manufacturing milk and butterfat.

Prices received by farmers in April for manufacturing milk and butterfat were above the support level. There is some prospect that market conditions will continue to keep prices above the support level during at least part of the 1960-61 marketing year.

If market demand will not continue to result in such higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

It should be noted that the estimated cash receipts of \$4.7 billion from farm sales of milk and butterfat in 1960 will be the highest on record.

Mr. ANDERSON. There is one number left out on page 3:

"As of the beginning of this market year these support prices are 76 percent"; the 76 is omitted.

Senator PROXMIER. That is about the middle of the page, the third paragraph:

"At the beginning of the marketing year the support prices are—"

Mr. ANDERSON. Seventy-six percent of the parity equivalent.

Senator PROXMIER. Thank you, sir.

Is there anything else you gentlemen would like to add?

Mr. BEALL. That is all.

Senator PROXMIER. Senator AIKEN.

Senator AIKEN. I wonder how much nonfat powder has been disposed of under Public Law 480 since the first of this year.

Mr. ANDERSON. None at all since the first of this year—I think that is right.

Senator AIKEN. Why do you let it accumulate to 50 or 60 million pounds?

The reason I ask, I was in South America last fall about the time that we discontinued contributing any powder under section 2, I think, of Public 480, and there was a great deal of consternation down there, because they found that was one of the most valuable products that could be used in implementing foreign policy. And then I noticed that week after week this year the accumulation of nonfat powder has been increasing, apparently without any consequential sales or disposal of it.

I was wondering why we do not get rid of it while there is a chance to, while the demand is there, instead of letting it go on up, because it cannot help but depress the general market as it is accumulated by the Commodity Credit Corporation.

Mr. EMERY. I wonder if you did not misunderstand the Senator's original question, Mr. Anderson.

Mr. ANDERSON. He said title I.

Senator AIKEN. Title III.

Mr. ANDERSON. I am sorry, sir, I interpreted it as title I.

Senator AIKEN. No, title III.

Mr. ANDERSON. A great amount under title III.

Senator AIKEN. For relief agencies. And you have started disposing of it?

Mr. ANDERSON. We have disposed of over a hundred million pounds and we have offered them another 80 million, and the reason, sir, for this—may I use the word "conservatism," Senator—is the very sad experience, to which the Congressman referred.

We are trying to do a better job of management so that we will not run out if we can avoid it.

Senator AIKEN. You are trying to have a uniform disposal right through the year, and in order to do that you have to accumulate a large amount during the spring and early summer months?

Mr. ANDERSON. Yes, sir. And some sales to oversea reconstituting plants are made under title I.

Senator AIKEN. How do you sell that? Do you make the sale directly at a lower dollar figure?

Mr. ANDERSON. At the present time all our stocks are available for sale on a competitive-bid basis. Sales have been comparatively small. Over 11 years, as I recall the figures, 75 percent of our utilization of nonfat has been donation, 66 percent donation abroad.

For the reconstituting plants, there have been in the past certain title I transactions in which we have sold on the same basis as for dollars on barter and some of those transactions have been financed through foreign currency. At the present time I think there is none outstanding on title I authorizations for nonfat dry milk.

Senator AIKEN. In selling to reconstituting plants, you have to meet the competition of Holland, Denmark, New Zealand, Canada, or any other country which produces a surplus of nonfat powdered milk?

Mr. ANDERSON. We sold a small quantity this morning just before I left the office, 10.16 cents per pound.

Senator AIKEN. What is the support level now?

Mr. ANDERSON. 13.4.

Senator AIKEN. Is that roller or spray process?

Mr. ANDERSON. Spray. Presently sales are under the competitive bid. Sales have always been relatively small; the big outlets have been donations.

Senator AIKEN. A loss of about 30 percent?

Mr. ANDERSON. Yes, sir.

Senator AIKEN. You recover about 70 percent on the sales, and of course on the donations there is no recovery?

Mr. ANDERSON. On most of our donations—the thing that stepped up our donations was Congress willingness to let CCC pay the cost of repackaging. A fair share of our donations are repackaged in 4½-pound containers which cost us an additional 2 cents over the support price. This authority that Congress gave the Commodity Credit Corporation apparently has been very effective in stepping up the possibility of donations.

Senator AIKEN. You are going to have an increased cost on paying transportation from ports to inland countries?

Mr. ANDERSON. That is a new law that was just passed.

Senator AIKEN. That is a new law, but that is going to increase the cost and to that extent increase the charge made against the support price program?

Mr. ANDERSON. Yes, sir.

Mr. BEALL. I might add in this connection that we have reinstituted and continued the school lunch programs to Japan and elsewhere.

Senator AIKEN. How much butter have you set aside for the school lunch program?

Mr. ANDERSON. We have approximately 70 million pounds.

Senator AIKEN. And you will set it aside for the next 2 or 3 weeks more?

What do they use, about 80 or 90 million pounds?

Mr. ANDERSON. We have in inventory today approximately enough butter for the school lunch program through June 30, 1961.

Senator AIKEN. You have just about got enough to take us through the next coming fiscal year. And from now on you will expect to store a little for disposal this fall?

Mr. ANDERSON. Of course the decision as to how to use any that we accumulate after we have taken care of the school lunch will have to be made by the Secretary and the Board of Directors.

Senator AIKEN. How do the private storage stocks of butter compare with last year, do you know?

Mr. ANDERSON. Fairly low.

Senator AIKEN. Is it up or down?

Mr. ANDERSON. It is 36 million as compared to 39 million.

Senator AIKEN. 39 million last year—

Mr. ANDERSON. Yes, sir.

Senator AIKEN. Was stored by the dealers and warehouse people as compared to 36 million this year?

Mr. ANDERSON. Yes.

Senator AIKEN. And you will look for a better supply-demand balance, unless there are unusual weather conditions over the next 6 weeks which would make up for the dropoff in September and October?

Mr. ANDERSON. We are purchasing butter at a fairly rapid rate.

Senator AIKEN. A little more than last year?

Mr. ANDERSON. Approximately the same rate at the moment.

Senator AIKEN. But no cheese yet—just a little last week?

Mr. ANDERSON. 63,000 pounds of cheese so for this month, and that is now not millions—practically no cheese; that is right.

Senator AIKEN. Do you anticipate that you will have to purchase a little more cheese from now on?

Mr. ANDERSON. We have estimated that cheese would be offered to us, and of course if it is offered to us, we have no choice but to take it.

Senator AIKEN. Do you think that the raising of the import quotas is going to necessitate purchasing any more cheese?

Senator PROXMIER. I want to go into that a little later myself.

Senator AIKEN. You can repeat the question.

Senator PROXMIER. Yes. I was just commenting.

Mr. ANDERSON. As I recall, the Department's position was that it thought that this import would not compete with domestic production.

Senator AIKEN. Yes, but will it not result in a shift of production from one type of cheese to another?

Mr. ANDERSON. There has been in Wisconsin a big shift to Italian type cheese, which is apparently one explanation for our not having to buy much cheddar recently.

Senator PROXMIER. How are you going to get it back, on the basis of what the administration has recommended and done? Take our Italian type market away; and that is what that quota is going to do, I would think. Is that not logical?

Mr. ANDERSON. Some of our experts apparently didn't think that way, sir.

Senator AIKEN. I think the answers are obvious. I think the effect is obvious.

Senator PROXMIER. Of course, you cannot have it both ways.

You go ahead. I will come to mine later on.

Senator AIKEN. That is all the questions I have.

Senator PROXMIER. Gentlemen this statement is based, as I understand it, on the



argument that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production consumption requirements; that is the gist, the essence, the heart and soul of your objection to this bill?

Mr. BEALL. That is right.

Senator PROXMIRE. In the first place, the Senator from Vermont, I think, has laid the ground work for an excellent case that this bill has regard for the production and consumption requirements, inasmuch as there seems to be a pretty good balance between consumption and production, and this would give assurance to the dairy farmer of a stable price, but on the basis of recent experience, certainly, there is no reason to suspect that it did not have clear regard and understanding of what the consumption and production situation is; is that not true? If not, why not?

Mr. BEALL. I think I might point out a couple of things there. First, it is well recognized that butter particularly has a very high price elasticity and is very responsive to demand.

Senator PROXMIRE. Do you have figures to show that?

Mr. BEALL. I don't have any with me.

Senator PROXMIRE. I would like very much to get them. I have tried again and again to get the Secretary of Agriculture to supply the figures on the elasticity of demand for various dairy products. That will be very useful if you would provide those for me.

Mr. BEALL. Secondly, I think, while we are speaking of average price for the past year here, there has been fluctuation of price, and obviously at times it goes above the average price, and at times below. And therefore, it is responsive to demand at the moment, and moves readily in consumption channels.

Conceivably if we had a fixed price at this level, during the period when the normal market would fall a little below what has been the average for the past year, that we might have—

Senator PROXMIRE. Exactly how much, Mr. Beall, do you say that this would affect the prices of butter to the consumer; if this bill was passed how much, in your judgment, would the price of butter be affected?

Mr. BEALL. I think we might project this on the basis of variations in price last year which resulted from a market price above the support price. I think it is apparent, as indicated in some of the statements that were made here, that the margin between the farmer and the consumer remains about stable.

Senator PROXMIRE. You mean that if the price to the farmer goes up as little as this provides—and Senator Aiken and others have said that it would be a very modest increase in the price to the farmer—that there would be a price percentage increase to the consumer?

Mr. BEALL. We wouldn't anticipate that the distribution costs would be any less between the farmer and the consumer.

Senator PROXMIRE. Why would you assume that the price would necessarily go up?

In view of the fact that price is averaged about this level, presumably it is a little less than this now, it might go up very slightly to the farmer, certainly not by the difference between 3.06 and 3.22, it would go up—in some periods it would be approximately the same and, at other periods it might go up a little bit. If this were reflected in precise percentage to the consumer, it would seem to me to be relatively very, very small.

Mr. BEALL. It would be a small increase, of course, because this increase here is relatively small.

All I am saying is that the distribution costs between the farmer and consumer would not be reduced because the farmer's prices were increased. So necessarily the increase in price here, plus the distribution costs, would be reflected to the consumer.

Senator PROXMIRE. Then you are saying that there would be no big additional cost to the Commodity Credit Corporation?

The taxpayer would not have to pay for much of it; the consumer would?

If the consumer pays most of it, the taxpayer would have to pay a relatively small proportion of it?

Mr. BEALL. Yes.

Senator PROXMIRE. Would you confirm or refute my statement that the Commodity Credit Corporation would pay about \$15 million?

Senator AIKEN seemed to think this was a little high.

Mr. BEALL. Have we projected any figures on that, Mr. Anderson?

Mr. ANDERSON. No; we would have to do that.

Senator PROXMIRE. You do not have any basis this morning for testifying that it would be a relatively small cost to CCC?

Mr. BEALL. No.

Senator PROXMIRE. I would appreciate it very much for the record if, as soon as possible, you provided your own estimate for us. It would be very helpful to us.

What troubles me on this, and I think a lot of dairy farmers, we have a double downward flex. You hit us twice; you hit us in the parity equivalents and then you hit us in the parity, too, which seems to me puts us in a peculiar position.

In other words, if you had maintained the same parity equivalent that we used to have of 88 percent, then, as I said, this 3.22 for which we are asking would be below 75 percent of parity, which is less than the law provides.

Does the Department take this into consideration that dairy products are different in this sense perhaps than other price-support commodities?

In other words, you have modernized us twice; you have modernized us on the parity equivalent concept and, of course, on the parity concept.

Mr. ANDERSON. The present parity equivalent would be exactly the same as parity price calculated by modernized parity.

Senator PROXMIRE. Say we take the—

Mr. ANDERSON. For manufacturing milk.

Senator PROXMIRE. What I am talking about is, for years we had this 88.5 or 88—it is a very little bit—from 1949 through 1959 we had 88.5, that was the parity equivalent ratio, was based on the 1946-48 situation, as I understand it.

Mr. ANDERSON. That is right.

Senator PROXMIRE. Since that was changed a short time ago to modernize it—it has fluctuated quite a bit—and when at the same time parity itself was reduced from 90 percent, it had this double effect on the dairy farmer, and I wonder, maybe in view of the intent of Congress, which was to provide a 75 to 90 percent support, that this double modernization has not had the effect of reducing the dairy farmer to a position where he is at a disadvantage, compared with others.

Some of the other commodity groups can say, well, he is getting 81 percent of parity, or 77 percent, and he has received some figure above 75, and we say, on the basis of the old parity equivalent that is maintained for 6 years, he is getting less than 75 percent.

Mr. ANDERSON. That is right. That is, if the Department had continued to use 88½ percent, the parity equivalent would have been higher than it is now.

All I am saying, Senator, is that the present parity equivalent is identical with the parity that you would establish if you calculated a parity for manufacturing milk on the basis of modernized parity. Modernized parity uses the last 10 years, and it happens to be exactly what we are using in the parity equivalent now.

That does not change the fact that you point out, that 88½ percent would give you

higher parity equivalent than the present 80 percent.

Senator PROXMIRE. Than the lower parity, the present price?

Mr. ANDERSON. And then 75 percent of the lower parity equivalent would be lower than 75 percent of the higher parity equivalent.

As far as the intent of Congress is concerned, I can point out, sir, that if we established a parity price rather than a parity equivalent, and used the definition of modernized parity, the parity experts in the Department of Agriculture tell me we would come out with exactly the same figure.

That does not contradict your statement that it is lower than the 88½ percent; your arithmetic is certainly correct.

Senator PROXMIRE. What I am getting at—I am not criticizing the Department for this particularly—what I am getting at is this: This whole double method of determining the support price puts us in a psychologically disadvantageous position. And this is what Congress is doing at the present; the President vetoed a bill that might have changed that.

But at any rate, I just wanted to establish that for the record.

Now, to get back to the issue that Senator AIKEN was pressing, and which I am deeply concerned with, because it directly affects hundreds and hundreds of Wisconsin farmers and cheese processors. It just seems to me very inconsistent for the administration to say that we can lower the quota for the import of Italian-type cheese and Gouda-Edam cheese, and to say that this will not interfere with the price support program, because of the present beneficial relationship between production and consumption, because there is no significant surplus problem involved, and then to turn around and further contradict yourself by saying that we cannot have a very moderate small increase in the price supports, because it will disrupt the market. Does that not seem inconsistent?

How would you justify it?

Mr. ANDERSON. I can repeat what I understand the experts in the Department of Agriculture who dealt with this, testified—if I understand it correctly—that they had a feeling, apparently a conviction, that these particular types of cheese did not compete significantly with domestic types.

If you are going to ask me to prove that, Senator, I will have to say I can't prove it.

Senator PROXMIRE. It may well be that they do not compete in a sense, but from the standpoint of a dairy farmer, it certainly means that if the Italian-type cheeses are going to come in from foreign countries and usurp part of his market, that his dairy production has to go somewhere, so it has to go into Cheddar or some other manufacturing purpose, and therefore the Commodity Credit Corporation has to buy it and therefore the taxpayer has to subsidize the foreign import, either that—

Mr. ANDERSON. The issue, as I understand it, is, does it actually take part of the market of the domestic production of Italian cheese? If we assume that it does, then I have to follow along with you. If we assume somehow that it doesn't, there is an area of debate.

Senator PROXMIRE. Let's spend a minute on that somehow.

How can it possibly do anything else?

How is our cheese production meeting this market now, what we think is a fair and reasonable price?

If the cheese is going to come in at a substantially less price from abroad under the quota system, and obviously be sold, the markets are not going to get bigger. If it is going to come in under a higher quota, lower price, our own dairy production is knocked out.

Senator AIKEN. And under the sanitary restrictions that we have in this country, we are at a disadvantage, as I understand.



Mr. ANDERSON. I don't think there is any emphasis on that part of the problem, Senator.

Senator AIKEN. I do not know why they do not think of that, because when our dairymen are required to operate under high sanitary restrictions and the imported manufacturers are not, of course, the importers have an advantage over the domestic producers. And that applies to the restrictions to the production of fluid milk.

I expect you have got dairymen in your State, Senator PROXMIRE, that, if they had to comply with the requirements of most of our cities, it would probably cost them \$1,000 per cow, and put them out of business.

Senator PROXMIRE. I do not want to get into that.

Senator AIKEN. But your cheese manufacturers run into that same thing, except that it is in reverse. Your cheese manufacturers are at a disadvantage compared to manufacturers in certain foreign countries where the same sanitary requirements are not applied.

Senator PROXMIRE. I will accept the second part, but as far as the first part is concerned, I have visited literally thousands of farms in the State, and I have gone into those milkhouses, and I know the tremendous expense that they have gone to to provide the most sanitary kind of situation in terms of the concrete milkhouse and in terms of all sorts of sterilization processes and so forth, all over the State.

Senator AIKEN. That is true. But you go along with me on the foreign competition. If the foreign competition is not required to go even that far, they have an advantage.

Senator PROXMIRE. I agree with you 100 percent. And I think that is something that ought to have been taken into consideration.

I realize you gentlemen are not in the Tariff Commission, but you are on the Department of Agriculture and should have been consulted on this.

Senator AIKEN. I want to say this about bieu cheese or Romano cheeses or any other that can be imported. As far as I know, the people who insist on the imported cheese probably do it because of the name; it just puts them on a little higher social level.

Senator PROXMIRE. I think there is a very tiny percentage of people who buy their cheese on the basis of the label and so forth and they cannot really discriminate. I challenge any taster to tell the real difference.

Mr. ANDERSON. I think it is obvious from what I said that I am not an expert in this particular field of trying to clarify distinctions of the type the Senator has mentioned.

Senator PROXMIRE. Now, on page 2, in the next to the last paragraph, you say:

"The actual prices received by farmers for the entire 1959-60 marketing year averaged \$3.23 a hundredweight for manufacturing milk and 59.5 cents a pound for butterfat, which is almost precisely, not quite, what the bill calls for.

"The bill seeks to maintain approximately this level for the current 1960-61 marketing year."

This seems to me to be very conservative, when all costs are rising to the farmer. We are not asking for an increase in the minimum wage, which is expected to be asked by labor in the country, and we are not asking for any kind of an increase in prices, which certainly every company is asking for; we are just asking to maintain the present level.

It seems to be that we can make a tremendously persuasive policy case for doing this for the farmer in view of how low his income is, how hard he works, and how greatly he has increased his efficiency. And your sole answer, I presume, would be that while this may be true, you have to deal with the realities of production and consumption, and in your judgment this would upset that situation; is that correct?

Mr. ANDERSON. I think the Department wants to make clear that the standards of

the Agriculture Act of 1949, which is to assure an adequate supply, will be met. The prospects are that we will have to accept delivery of more nonfat dry milk this year than ever before in history. Cheese will be lower, butter will probably be lower than usual.

Milk production in April of this year was the second highest on record. I do not think anybody in the Department would argue with either of the three gentlemen's arguments or presentations this morning that farmers are not getting parity, that the costs have gone up. I do not think there is any issue there that I know of.

Senator PROXMIRE. I find that, having established that, I want to move to something else.

You say in the next paragraph that:

"The number of milk cows on January 1, 1960, was seven-tenths of a percent smaller than a year earlier. This was the smallest decrease in 6 years. The numbers of yearling heifers and heifer calves on January 1 were larger than in recent years. The numbers of these replacements per 100 milk cows were the largest on record."

Does this not have a lot more to do with the price of beef than it does with milk, or at least a great deal to do with the price of beef?

If the price of beef drops, you are more likely to get an increase in milk cows; are you not?

Mr. BEALL. I think it is recognized that there is an interplay between the two.

However, the point that is being considered here is that under present conditions farmers are responding to the extent of increasing dairy stocks, and thence supplies, in keeping with the provisions of law that adequate supplies will be assured by the price support program, and therefore we necessarily look ahead at these figures on dairy numbers and possible replacements in evaluating the potential.

Senator PROXMIRE. This is the whole basic assumption that I have argued with, and I have tried again and again to get the Department of Agriculture to provide me figures for it, and I have not been successful in eliciting them.

You made the statement about the elasticity of the demand for butter. And now you make the assertion, Mr. Beall, with the notion that as prices go up, you will increase your dairy herd and increase production, and as prices go down you decrease your dairy herd and decrease production.

This makes our farmers fighting mad, they say this is not true, they say as prices go down they are forced in any way they can to increase production, they have to cover their taxes to cover their interest, to cover the necessities of their family, they have to, they are in a sweatshop situation where they just have to produce more. And that is why I earnestly once again solicit statistics to establish this fact that you do get an increase in production as prices go up, and you get a reduction in production as prices go down.

Certainly the whole history of what has happened in the last 7 years would contribute the contrary. We had a fairly stable production, not entirely, but fairly stable, during relatively high prices in the few years before 1952. Since then we have had a terrible drop from the standpoint of the dairy farmer in dairy prices and a steady, a fairly steady, production and increase in production.

Mr. BEALL. Let me point out, Senator, I didn't make the statement that as prices go down production goes up, or vice versa; what I did point out—

Senator PROXMIRE. This follows from this paragraph.

Mr. BEALL. What I did point out was the record we use to project ahead as to whether there will be sufficient supplies indicates that the number of dairy cattle has been

reduced less than it has in recent years, that the number of replacement heifers available is greater than it has been, and therefore we can assume that if this is a factor at all in potential production, supplies should be adequate this year.

Senator PROXMIRE. That may be, but then you will not argue, I take it, with any enthusiasm that if we have moderate increase price supports you are going to get an increase in milk production?

Will you concede that that part of the equation would not increase?

Mr. BEALL. Well, I would only point to the record here as to what farmers are now doing.

Senator PROXMIRE. But you would not relate that necessarily to what they are receiving in the way of prices?

Mr. BEALL. Certainly.

Senator PROXMIRE. Then we go right back to where I started. Then you are saying that relatively as the price of milk is better or increases, they will produce more or increase their herd; is that correct?

Mr. BEALL. The important point in this projection is what they are doing here now.

Now, your immediate question, I am sure, is a matter of opinion, and a lot of good economists differ on this. My personal opinion on this doesn't have anything to do with what we are looking at ahead here.

Senator PROXMIRE. No; I want the statistics, and so forth, from you gentlemen that you may have in the Department to establish the basic assumption that the Secretary of Agriculture has been making consistently, that he can solve the surplus problem by reducing price supports, or at least by having price supports, as he might put it, on a more realistic level.

I would like to have some confirmation at least with regard to the dairy, in view of the fact that you gentlemen are the experts in the Department on that.

Mr. ANDERSON. I think our position here would be the same as yours, sir, when you are talking about relative prices, as beef prices go down relative to dairy prices, I think it is fairly obvious you will get more milk and less beef. I thought that was what the Senator was suggesting a while ago as your interpretation.

Senator PROXMIRE. I will go along on that, but looking at the whole farm picture overall, you might get a shift from one commodity into another, from wheat to corn, or something, or from dairy to beef. But the total effect on farm production, it does not follow that as you decrease prices you get a decrease in production, or as you increase prices you increase production. And if this is agreed upon, then it seems to me there is almost no real objection that I can see to this bill except the consumer will have to pay a little more, which I think we can easily justify.

The Commodity Credit Corporation, as you have conceded, will pay almost nothing more, or very little more.

Mr. ANDERSON. We will pay for the butter that we will buy, we will pay about 2½ cents more.

Senator PROXMIRE. Well, the question is, how much more will you buy?

Mr. ANDERSON. If we buy the same amount, I think we will have to concede if an increase in price has any effect at all on a case like this, it would be a slight increase in production and a slight decrease in consumption, if this bill has any effect.

Senator PROXMIRE. I do not stipulate on that at all.

I have been appealing again and again for statistics to establish it, without success.

At any rate, you say that you will have to pay 2½ cents more per pound for butter, and multiply that by the amount of butter you are buying and you can compute the cost, at least in terms of butter and by the same amount.



Make whatever assumptions you want to make and specify them, and provide that for the record.

Now, on page 3, again, toward the bottom of the page, you say:

"If market demand will not continue to result in such higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases."

Again that depends entirely on the assumption that higher prices will bring in higher production, and it may be that you will be right if you assume that everything else remains the same, including beef prices, but what you are doing then by keeping dairy prices down is to have a depressant effect on the beef price the farmers get; if you increased the price of dairy, then the price of beef, being interrelated, would also tend to increase. Is that not correct?

Mr. BEALL. If your dairy cattle went to market.

Senator PROXMIRE. This is the one concrete and definite fact that we can agree on and the farm economists can establish, there is this relationship.

As far as the overall situation is concerned, the overall statistics since 1952 indicate the contrary; as prices go down, the production probably is not affected very much, and if anything experience would suggest more production increases. But I'm sure you can explain that. Nevertheless the hard facts show that as total prices go down for all farmers, it would seem that farmers produce as much or more.

Mr. EMERY. There has been very little change in farmers' prices in the last 6 years, in the prices of manufacturing milk and butterfat in the last 6 years. It has been so small that it is practically impossible to measure relationships meaningfully.

Senator PROXMIRE. Of course, there was a colossal reduction 7 or 8 years ago; is that not correct?

That was the big drop, in 1954.

Mr. EMERY. This was a sharp increase about 1952 or 1953, and then the support level was dropped. Production leveled off. Then it receded in the last couple of years.

Senator PROXMIRE. I think that is a good point.

Mr. EMERY. Going back historically, that is one of the difficulties, either the conditions have changed or there have been small changes in prices.

Senator PROXMIRE. I think we have to evaluate that in terms of what has happened to the cost of living in terms of what the farmers realize, the cost of equipment and land and taxes and everything else that has gone up, and as he has received the same per hundredweight for milk, the value of those dollars he is getting have declined and depreciated, so in effect he has received a lower actual real price.

Gentlemen, I want to thank you very much. You have certainly given a frank and useful statement. I would appreciate it if you would supply that material for the record.

Mr. BEALL. Thank you.

Senator PROXMIRE. The next witness is Mr. E. M. Norton, secretary of the National Milk Producers Federation.

#### STATEMENT OF E. M. NORTON

My name is E. M. Norton. I am secretary of the National Milk Producers Federation. Our offices are located in Washington, D.C., at 1731 I Street NW.

The federation is an organization of dairy farmer owned and controlled cooperatives. The cooperatives in the federation have farmer membership in 48 States.

The policies of the federation are developed by the dairy farmer membership of our cooperatives. This means that the policy position of the federation represents the views of the people most knowledgeable

about the production and marketing of milk, the dairy farmers.

Senator PROXMIRE. Mr. Norton, at this point would you indicate how the policy is arrived at on this kind of legislation in this organization?

Was the position taken by the cooperatives arrived at by executive committee?

Mr. NORTON. By board action. We meet usually twice a year, but certainly once a year in our annual convention. The second meeting is subject to call, if it is necessary, and usually is.

I might say that 75 percent of our board are actually dairy farmers, that is necessary by the bylaws themselves. Twenty-five percent of the board membership can be employees, and we recognize those usually as the managerial positions. But it is 3 to 1 dairy farmers.

This specific bill numbered as this was not before our annual convention in November here in town last year, but the dollars and cents numbers that are contained in this bill were before our convention, and it was voted on by this group, 138 on the board, there were 117 that voted, voted unanimously to support legislation that contained these numbers.

Now, how—

Senator PROXMIRE. That is about as explicit a directive as you can get.

Mr. NORTON. That is right.

Now, how you arrived at these numbers, we didn't go into that, we merely arrived at the dollars and cents level.

Senator PROXMIRE. Go right ahead.

Mr. NORTON. We want to express our thanks to you, Senator PROXMIRE, and to Senators KENNEDY, HUMPHREY, MCCARTHY, SYMINGTON, YOUNG, MORSE, MUNDT, AIKEN, CARLSON, MAGNUSON, JACKSON, PROUTY, WILEY, and HENNINGS for their sponsorship of S. 2917. And I think it shows, Senator, certainly a widespread, nonpartisan interest in this legislation, and certainly in the dairy farmer.

I would also like to comment here on Senator AIKEN's statement that he was not in favor of pulling prices down, and such a procedure will not help anyone, and he has been of that position for years, and so have we. That is why we do support this legislation.

From the charts in the back of our testimony here, you will see that the support level of manufacturing milk prices and fluid milk prices fall very closely along with each other; when one goes down, they all go down, when one goes up they all go up.

Mr. NORTON. We have tried to show one of the points that you were making there. It is just absolutely not so that a reduction in price will reduce production.

Now, this isn't a fact. And if 7 years won't prove it to us, I don't know how it will.

You can see from the charts that in 1952 we produced about 97 billion pounds of milk, and in 1959 about 112 billion pounds of milk, with income to dairy farmers \$100 million over the 1952 level. Now, it didn't stop them, as you stated; it made them get out and hustle to pay their taxes and living.

Also the charts will show—and I personally believe it is an absolute falsehood that a reduction in price to the farmer will reduce the price to the consumer. If that was so, I don't think there would be a farmer in the country objecting to the reduction in price supports. What they object to most of all is that the consumer gets no benefit from their reduction.

Senator PROXMIRE. The point they are making is that this bill will prevent a reduction in price to the farmer?

Mr. NORTON. That is correct.

Senator PROXMIRE. In doing so, it will not affect the consumer on the basis of all the experience we have had—that is, if the farmer suffered this reduction, if he went down to \$3.06 per hundredweight and then

back, the consumer could not expect an equivalent drop in the price he pays on the basis of all the information?

Mr. NORTON. That is the point I am making exactly.

Further, this bill should not cost the consumer one single penny, as was pointed out in previous testimony here, the price that the handler or consumer is paying now is a little above the price mentioned in this bill, \$3.22.

I think the Department testified that the price, the commercial buying price of milk right now is around \$3.29. So obviously the consumer should pay no more, if the handler is paying \$3.29 for milk and you set a support level at \$3.22, how could it cost the consumer anything?

Senator PROXMIRE. How about the argument they make that this averages out, in other words, that it was down in April to \$3.17, according to Congressman JOHNSON's testimony, and maybe it will slip down in May, and then come back up in the fall.

Mr. NORTON. That is the purpose of a price support program, to level off these humps and bumps for a farmer.

Senator PROXMIRE. I can see that. But in terms of the consumer, if the price is going to be \$3.22 in May, instead of \$3.10 or \$3.06 in May, where does the money come from?

Mr. NORTON. Would you repeat that?

Senator PROXMIRE. If the farmer is going to receive \$3.22 in May, if this kind of bill passes, as compared to \$3.06, so the farm income is going to be higher than it would be without this bill, and if the consumer does not pay more, who does? Where does this additional 14 cents per hundredweight come from?

Mr. NORTON. The consumer will pay it; he will pay it anyway. If this bill is not passed, I will make you a small wager here that the consumer will not pay less come October or come June, or July.

Senator PROXMIRE. The handler may pay a little more?

Mr. NORTON. He is not going to pay any more. He is going to keep his price exactly the same, and the level that is being paid will drop down to \$3.06, but the price to the consumer will continue right along.

Senator PROXMIRE. The point is that under this bill the dairy farmer's income would be very moderately increased or improved?

Mr. NORTON. Right.

Senator PROXMIRE. Where would this come from?

Mr. NORTON. If it did drop to \$3.06 and the bill was passed and it remained at \$3.22, the CCC would have to pay for it, for any stocks that they bought.

Now, calculated on last year's purchases—and I think that is a fair assumption, because the Department indicates that milk production is up only 1 percent this year, and based on average population increases, in order to keep up with that you have to go up 2 percent a year in milk production, because about 2 billion pounds of milk is consumed by just the average population increase, so we are holding our own.

And therefore, I think it is safe to assume that we will buy no more this year, the Government will buy no more this year than they bought last year. If that is so, and this bill was enacted into law, they would pay \$2.9 million for butter, they would pay \$900,000 for cheese, and \$3,800,000 for powder, or a total overall of the milk that would presumably be diverted into Government storage of \$7,294,000.

Senator PROXMIRE. That makes my estimate of \$15 million especially conservative.

Mr. NORTON. That is why we tried to calculate the exact figure based on last year's purchases.

Senator PROXMIRE. I am glad you did.

Mr. NORTON. I would like to point out another thing you mentioned concerning import controls.



This does not make sense to me, that the Government, the Department of Agriculture, who made the request to the Tariff Commission to increase the imports of Edam and Gouda cheese, would decide that our own domestic farmers could not stand in the agricultural economy an increase of \$7 million, but we could take in \$3 million worth of foreign cheese.

Now, there is no question that the diversion of milk into cheddar cheese which will be bought by the Government will take place the minute this cheese hits the market. We have seen it happen time and time again, we have seen it happen with other cheeses, where the Tariff Commission has allowed them in.

The notable example is our example of Exoline that hit the eastern shore here. Of course you folks in the Midwest thought that the Federal orders were terrible, that this was all backing up, when actually there was a 9 million pound slug of butter that hit the eastern shore right in the ice cream season from New Zealand.

It was named something different than butter, you see, and it took us 9 months to get it stopped. That is why we have advocated for a long time we just think the Tariff Commission is too slow and too cumbersome, and this obligation of limiting imports should be turned over to the Department of Agriculture, where we can discuss it without going through all the formal hearings and rigmarole that we have to go through in the Tariff Commission. The horse is already out of the pasture by the time we get these imports stopped.

Senator PROXMIRE. I think you are dead right on the representation of the Department of Agriculture—it seems to me they had to concede, they could not do anything else. If you are going to import this cheese—well, they did argue that there were some people that would only eat cheese that was made in Italy, Italian type or Gouda or Edam—that has to be made in Holland—

Mr. NORTON. We make that here.

Senator PROXMIRE. We make it in Green County, and it is very good.

Mr. NORTON. I have tasted it in Holland, and I don't know the difference, and I think maybe I like ours better.

Senator PROXMIRE. It is a little more sanitary.

Mr. NORTON. That is right.

May I say this in defense of the gentlemen from the Department of Agriculture. It is longer than 2 years or 5 years that I have been there, so I don't think I am revealing any secrets, at least I am legal if I do. And I have fought this battle of imports from the very same position that these gentlemen were in, and I felt imports would hinder our price support program when I was there.

But these three men at this table are not the fellows that ought to be up here at this stand on this problem, but the Foreign Agriculture Service and the State Department ought to be talking about this. I don't know just how much of this dairy business they want to give away, but if you let them loose, they will give away all of it.

Senator PROXMIRE. If they are going to do it, they should certainly not oppose a modest bill of this type.

Mr. NORTON. Not at all. It just doesn't make any sense at all. I guess those are all the points.

Senator PROXMIRE. Mr. Healy or Mr. Post?

Mr. HEALY. No.

Mr. POST. No, sir.

Senator PROXMIRE. That is very fine. And I very much appreciate your statement. Your support of this bill means a lot.

STATEMENT OF GILBERT C. ROHDE, PRESIDENT, WISCONSIN FARMERS UNION, CHIPPEWA FALLS, WIS., REPRESENTING THE NATIONAL FARMERS UNION

Senator PROXMIRE. We are very happy to have you here. You have a wonderful reputation in Wisconsin, as does your fine organization, which has certainly been a real champion of all farmers, dairy farmers as well as the other farmers.

You are representing the National Farmers Union as well as the Wisconsin Farmers Union?

Mr. ROHDE. Yes.

Senator PROXMIRE. You may go ahead.

Mr. ROHDE. Senate bill 2917, to establish a higher price support level for milk, butterfat, and their byproducts demands considerable attention by those of us in Wisconsin who live in that area which is by far the Nation's leading State in milk production. Our interest in the proposed amendment stems directly from the economic position that our farmers in Wisconsin find themselves in presently.

Ever since 1952, dairy farmers have been subject to an economic condition which saw the price of their milk and its products generally decline while the production costs continually increased.

President Patton of National Farmers Union asked me to express his regrets at being unable to be here today and requests that I represent him in speaking for National Farmers Union as well as our Wisconsin organization.

On several occasions we have spoken publicly recognizing the fact that the farmer's responsibility for improving his economic condition should rest to a greater extent with his own development of a better distribution and control of supply. But I am sure all of us recognize that it is extremely difficult for farmers to accomplish these objectives without the benefit of guidance of an organization that deals specifically with their problem or without an opportunity to develop these programs with Government assistance.

It has been our privilege in the past year to appear in behalf of our organization recommending what are recognized as new approaches to the farm problem, but this far it appears that not a sufficient amount of support has been enlisted in the Congress for such recommendations to take effect within a reasonable time. It is for this reason that we return our attention to the existing price support legislation and are supporting Senate bill 2917.

Senator PROXMIRE. May I interrupt at this point, Mr. Rohde, to say that I think there is sufficient support in the Congress, but the fact that we have this overhanging specter of a veto makes it exceedingly difficult to pass legislation under these circumstances. The fact is that the Democratic Party has an overwhelming majority in both the Senate and the House. I feel strongly that there is a sentiment for new farm legislation and a new farm bill, but our point of view contradicts that of the Secretary of Agriculture so clearly, and we have so much experience in having farm bills vetoed, that we do not feel we have the strength to pass legislation over the veto. And I think that is the heart and soul of the problem.

Go right ahead.

Mr. ROHDE. There are constant reassurances from the Secretary of Agriculture that the outlook for dairy farming is improving. Yet the evidence provided by farm economists and farmers themselves points the other way.

Less than a month ago, the Secretary repeated his prediction that the Nation's dairy farmers would have the best year in history.

However, his own USDA reports forecast lower milk prices in 1960. We think the Secretary conveniently looks at the gross income figures before the dairy farmer's high production costs are deducted.

There are other factors that tend to confuse the problem from time to time. Recently the manufactured price of milk gradually increased in Wisconsin to a point where farmers were receiving a little above the \$3.20 per hundredweight and we understand the explanation for this was that the supply and demand relationship concerning cheese and other products was in near balance. However, as soon as many of the milk plants who had previously been producing dried milk and selling their product to the Government through the purchase program, diverted their efforts through their ability to become flexible in situations such as this, they immediately started producing cheese, resulting in an oversupply on the market, and we saw the price of milk drop to its original pegged price of \$3.06.

It is not uncommon at all to find many of our processing plants in Wisconsin specifically designed to great flexibility, which in turn has permitted them to take advantage of producing that product which commands the highest price at any given time. But these practices have likewise resulted in keeping the general price structure for all commodities at a price no higher than what was dictated by the price support legislation.

A further aggravation to the Wisconsin problem arises out of the fact that our pricing structure is based upon 3.5 milk while the support price is based upon a national average of 3.86 milk. Thus, it should come as no surprise to the members of this committee when I tell you that the average price received for manufactured milk on my farm last year averaged \$2.97 per hundredweight.

Senator PROXMIRE. What is the price today that you get?

Mr. ROHDE. I understand that the cheese factories are paying off at about 3.8 or 3.9, as of the first 15 days of April.

The cost-price squeeze is not confined entirely to what we consider the average family farm operations.

Senator PROXMIRE. May I interrupt again.

This is for what test grade milk?

Mr. ROHDE. About 3.5.

Senator PROXMIRE. The problem that occurs to me is that yesterday Mr. Norton indicated that this was not so much a matter of increasing the present price as keeping the price from going down. And in his judgment this was a situation that confronted us at the present time—I think Lester Johnson used the figure of \$3.17, and the average price of manufactured milk at the beginning of the year according to the Department of Agriculture was around \$3.22.

Mr. ROHDE. Yes.

Senator PROXMIRE. You used the figure of \$3.08. That is actually the price that you are getting on your farm. So that is contradictory. The explanation of course is that the other figures are the national average.

For the record, how would this bill, if passed, affect the price that you receive for your milk?

Mr. ROHDE. We have generally found that the price that we received for our milk which goes to the cheese plants is determined directly by the price support legislation on the books. If this law were passed, I think the support price level would determine the price of milk, the 3.20 figure or the 3.25—it depends entirely on the butterfat content; 3.5 milk is the milk which is best adapted to the production of cheese, and a 7-cent differential takes effect from 3.5 up or down.



For example, if I had milk testing through 4, I would get about 7 cents less than the established price at the factory.

Senator PROXMIRE. Go ahead.

Mr. ROHDE. The cost-price squeeze is not confined entirely to what we consider to be average family farm operations. A Kansas farm wife recently wrote an outstanding feature article for the Saturday Evening Post, in which she pointed out that their 720-acre commercial dairy farm had made little if any profit in good years and in bad years had lost as much as \$4,058. "Not a single economist forecasts any improvement in farm income rise," reported this justifiably disgruntled farm wife.

I think it would be proper to point out here that in this particular case these people were producing grade A milk for a fluid market and to a degree are protected through the pricing structure of a Federal milk marketing order.

Many of our small farm operators are being forced out of dairying and are required to make the crucial decision and social readjustments that affect their family's welfare and the community as well.

Recently reporters from such publications as the U.S. News & World Report and Wall Street Journal have toured the Middle West and specifically made a survey in the southern area of Wisconsin and have described the exodus of farmers from the rural areas to find employment in the city. The story is the same all over. Farmers report that the high investment required, coupled with the low prices received, is not worth the hard work and the risk and the sacrifices.

These adjustments, stemming from the conditions we find in an industry requiring the greatest amount of hourly labor, considerable investments in modern facilities, and subject to the complex distribution problems that exist, certainly needs some immediate attention if the dairy economy is going to continue to support the rural environment which we have come to recognize as an important necessity in keeping our country strong.

We realize that the legislation under consideration cannot appreciably brighten this dark picture. Admittedly, a 16 cent per hundredweight boost in the price support for manufactured milk would still leave our price structure about 60 cents per hundredweight below the level of 10 years ago. But Wisconsin farmers who in the past few years averaged between \$3 and \$3.12 per hundredweight for their milk would welcome any price increase in view of the forecast of lower prices ahead.

A price increase, for example, of 10 cents per hundredweight for the past year's production could mean close to an additional \$20 million for Wisconsin farmers. The 16 cents per hundredweight proposed increase would likewise offer additional hope to those farmers who are producing for a specific market under a milk marketing order, and who find a considerable amount of their production going into manufactured products for which they receive a blend price which is not now sufficient to cover the costs that the technological advances of science have dictated.

Mr. ROHDE. We earnestly solicit your support for Senate bill 2917 because we feel it is a step in the right direction offering the dairy farmer concrete evidence that the corner has finally been turned and that he is on the road back from the depressed prices of the late 1950's.

Senator PROXMIRE. Mr. Rohde, how would you answer the principal argument that was made yesterday by the Department of Agriculture spokesman, which was that the relationship between supply and demand for milk did not permit them to increase the support price, if you did that it would have

a double effect: First, you would discourage consumption and; second, you would encourage production, and this delicate close balance that we have would be put out of balance.

Mr. ROHDE. In the first place, I don't believe it would discourage consumption at all, because currently—

Senator PROXMIRE. Let me interrupt a minute to say that as I recall, Mr. BEALL emphasized the effect on butter, and without any documentation he made that assertion.

Mr. ROHDE. The cost of manufactured products, the cost of these products to the consumer is about at a point, I presume, which indicates that supply and demand are about in balance. I don't believe that this piece of legislation would increase the cost to the consumer at all, because currently the relationship of demand and supply are such that the price structure has moved up in butter and cheese to a point where the farmer back home is getting, or was getting, about 3.25, in some cases.

However, because of the increased supply of cheese which hit the market, those people who were handlers of the product were able to reduce the price to the farmers. And somehow, of course, the reduction of the price to the farmers is never felt by the consumers in the same proportion.

Senator PROXMIRE. First, you say this would not affect fluid milk?

Mr. ROHDE. I don't believe it would.

Senator PROXMIRE. And second, as far as butter and cheese is concerned, there has been a widening in profit margins because of the recent development on cheese, and this has not diminished the price to the consumer, but it has reduced the price paid the farmer?

Mr. ROHDE. Yes, sir.

Senator PROXMIRE. And what this would tend to do would be to increase the price paid to the farmer and maintain the price to the consumer.

Mr. ROHDE. I think it would.

The second thing is, I don't believe this would increase the production on the farms to any appreciable amount.

First of all, this isn't a significant enough increase to permit people to go into dairying to make money.

To substantiate what I have to say, I should like to refer you to a point which was prepared by a university specialist who found that in 1958 the average price received for 3.5 milk was about \$3.11 per hundred, and at these prices nearly one-half of Wisconsin dairy farmers did not receive enough income to cover all their nonlabor costs—

Senator PROXMIRE. More than one-half?

Mr. ROHDE. More than one-half.

Senator PROXMIRE. And that is a publication of the University of Wisconsin?

Mr. ROHDE. Yes, sir—which was prepared by some of our very distinguished people at the university.

Senator PROXMIRE. Will you identify this publication for the record.

Mr. ROHDE. This is "Dairy Marketing Problems in Wisconsin," which is a report to Gov. Gaylord Nelson by the Governor's Dairy Marketing Committee of the University of Wisconsin.

I can name the individuals responsible.

Mr. Harold E. Calbert, Mr. Hugh L. Cook, Mr. Truman Graf, Mr. Harlow W. Halvorson, Mr. Willard F. Mueller, Mr. Marvin A. Schaars, who was chairman of the committee, and Mr. William C. Winder.

Senator PROXMIRE. These include outstanding economists?

Mr. ROHDE. Yes.

Senator PROXMIRE. These are all very responsible people. And they say that one-half of the farmers in the State of Wisconsin have no net whatsoever?

Mr. ROHDE. Did not receive enough income to recover all their nonlabor costs, including

interest on investment, with no return whatsoever for the operator.

Senator PROXMIRE. This was the year 1958?

Mr. ROHDE. Yes. And the average price received by dairy farmers for 3.5 testing milk at the farm average \$3.11 per hundred.

STATEMENT OF WILLIAM C. ECKLES, GENERAL MANAGER, PURE MILK PRODUCTS COOPERATIVE, FOND DU LAC, WIS.

Senator PROXMIRE. Bill, why don't you proceed in your own way?

Mr. ECKLES. Thank you, Mr. Chairman.

I want to express my appreciation for having this opportunity to present this material on behalf of the dairy farmers nationally and the State of Wisconsin particularly.

I have a prepared statement here, and copies are available for the reporter and any other interested parties.

I would prefer to read it, in spite of the fact that I have it all prepared.

Senator PROXMIRE. Go right ahead and read it.

Mr. ECKLES. And if you like, you may comment as we go along.

Pure Milk Products is a bargaining and service association representing 15,000 dairy farmers located throughout the State of Wisconsin and parts of Illinois and Michigan. About a third of our members are supplying grade A milk to numerous fluid markets. The remainder are engaged in the production of milk for various manufactured dairy products. This milk goes to plants making powder and butterfat, cheese, and other types of manufactured products throughout the area.

Pure Milk Products Cooperative urges adoption of S. 2917, introduced by Senator PROXMIRE in behalf of himself, Senator WILEY, of Wisconsin, and 13 other Senators, to establish a minimum price-support level for milk and butterfat at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively. This level is approximately the same as the average level of manufactured milk pay prices which has existed during the past 2 years.

This move to bring the minimum price-support level up to the level of the average price paid for the past 2 years is of vital importance to every producer of manufactured milk because of the ever-increasing production costs.

Senator PROXMIRE. This is a point I would like to nail down, that this in your judgment is a bill that would maintain the present floor, it would not attempt to elevate income to a substantially higher level, I take it. It would keep it from falling primarily.

Mr. ECKLES. Our point is that this would shore the thing up to the point where we have had experience of it being in the past year or so, and it would be very important to get that foundation moved up there while we have got it there.

Senator PROXMIRE. It seems to me that at a time when Congress is very seriously considering, and I think very properly considering, increasing the minimum wage to a dollar and a quarter an hour—the President has indicated that he would favor \$1.15—for the dairy farmers to ask that their present low income be continued at the present level instead of being shoved down I think is a very modest request.

Mr. ECKLES I think so. And I think Congress should enact legislation to keep it at that point rather than deteriorate to the point that the Department of Agriculture thinks that it might be permissive to go to, down to the 3.06 level. I would like to see it shored up so that the farmers know that it will stay up in that neighborhood for manufactured milk for the remainder of this crop year at least, hoping that we can accomplish something further before another crop year rolls around.

Senator PROXMIRE. Go right ahead.



Mr. ECKLES. We believe it is logical to maintain the price of this product, which is so vital to the health of our Nation, at a level of at least the price paid in the past 2 years. This step is important, not only from the standpoint of the welfare of the dairy farmer himself, but also to the existence of the many cities and villages in which the economy is tied directly to their position as a trading center for farmers.

We think this level of prices is absolutely necessary in order that all segments of our national economy related to dairy production may be kept in a reasonably sound and healthy financial condition. Unless dairy farmers have the income, related farm supply businesses will suffer further.

I would like to depart from the prepared statement here to say that, traveling through Wisconsin and visiting with folks who are in the farm machinery business, and so forth, that the problems that farmers are experiencing are definitely reflecting themselves in reduced business activity for people who are selling tractors, milking machines, and farm supplies in general. We have got increasing costs occurring on these farms in other lines than just the normal production items, to the point where farmers just don't have the money to buy tractors and replacement equipment in the volume that they need. They are operating on capital that has been acquired in the past, and they are having trouble replacing their equipment.

Senator PROXMIRE. Is this not particularly true, in view of the fact that the cost of this equipment they want to purchase has increased, not through any fault of the small town dealers, but because the manufacturing costs have just inevitably gone up, labor costs have increased, steel costs have increased, and all the ingredients that go into what the farmer buys have gone up, and under these circumstances the farmer not only finds that his low income makes it difficult for him to buy, but the low income has a lower value per dollar than it used to?

Mr. ECKLES. Purchasing ability, that is right.

The cost of these items have just moved up as a result of increased wages and the cost of materials that maybe aren't a result at all of the local retailer, but they are there when the farmer tries to buy them.

Senator PROXMIRE. Do you have any figures on how many gallons or hundredweights—I don't know what unit would be most appropriate—of milk it would take to buy a tractor as compared with, say, 8 years ago.

Mr. ECKLES. I don't know offhand, but I would say just offhand, very quickly, that it is 20 or 25 percent more as a minimum.

Senator PROXMIRE. I would like to see it compared with the figure in 1949 and 1950, because I think the Department of Agriculture made an interesting point yesterday, that the present price of manufacturing milk is not far from what it was 12 years ago; not 8 years ago, but 12 years ago.

And they might argue, or it might be argued, at least, that the Korean war tended to distort the price temporarily in 1951-52, and now it is back to normal. I think we can approach this in a number of ways.

One way is to show how this price that the farmer is getting will not do because it will not buy the things he has got to have.

Mr. ECKLES. I have figures a little later on here comparing it with a 1947-49 base, which is sort of that period between the Korean war and the close of World War II, which gives some reflections on machinery costs and items, and so forth.

Senator PROXMIRE. You may proceed.

Mr. ECKLES. Recent Government reports show that our national income in 1959 had increased 86 percent from the 1947-49 average and our national population has grown by some 20 percent. Per capita disposable income has increased by about 50 percent. This greater income has been reflected in a

general increase in consumer prices as indicated by the Bureau of Labor Statistics Consumer Price Index which has been about 26 percent above the 1947-49 average in recent months.

At the same time, dairy prices have lagged far behind. The national average retail price of dairy products has increased only 16 percent, and prices of butter and cheese have actually decreased.

Now, this is from the 1947-49 level that we have reference to.

Senator PROXMIRE. That is a very interesting figure, one that is almost never discussed. The price of butter and cheese has decreased since 1947-49.

Mr. ECKLES. That is right, at the consumer level.

Senator PROXMIRE. And then if you include fluid milk, the consumer is paying only 16 percent more for milk, which is only a little more than half the increase in all the other prices; is that right?

Mr. ECKLES. Yes, the Consumer Price Index; yes.

So milk and dairy products are definitely bargains as far as consumers are concerned.

Senator PROXMIRE. This definitely relates to this bill, because the only conceivable advantage that the consumer would get out of this is butter and cheese, and we know that the consumer is paying less for butter and cheese than in 1949.

Mr. ECKLES. I think that is a very significant point myself. I can't think of consumers refusing to purchase particularly of dairy products because you might have a couple of cents a pound increase in the cost if it is passed on to them, if there was some increase passed to them. I don't believe there would be that much change in consumer buying habits with a couple of cents a pound change in costs themselves. Good economists will argue with you on that.

Senator PROXMIRE. That is an important point to make.

Go ahead.

Mr. ECKLES. We would like to say this again and emphasize it, that the average cost of living is cheap in terms of consumer buying now, but dairy products are especially reasonable and cheap and have remained so at the expense of low prices to the farmers.

The dairy farmers have taken a cut of 7 percent in the average price for all milk sold at wholesale, and 14 percent in the price received for manufactured milk from the 1947-49 average.

Of course, it is even much greater than that if you go back to the high point of 1952.

This is using the 1947-49 period to try to get a base in there at a time when you had less influence by outside forces than the World War II period or when the Korean conflict was involved.

Senator PROXMIRE. To be complete about this thing, there are three factors involved: One is that the price for milk sold has dropped. Another is that the value of the dollars which the farmer has received have gone down, have gone down much more sharply. And a third is that the farmer is producing more milk per farm. And I think to get a complete picture we have to put these three things together, and I think when we do there still is a very strong case.

But I do think that these are the three factors that relate to it: The fact that there is a bigger volume, that the dairy farmer is more efficient, producing more.

Mr. ECKLES. That is correct.

Senator PROXMIRE. And his price has gone down, and the value of what he has been receiving—

Mr. ECKLES. I don't think there is any question but what these dairy farmers have had to produce more to even maintain or try to maintain their families and meet their

expenses, maintain their herds, and equipment.

Senator PROXMIRE. This is a stretchout. Like the old sweatshop piece-rate cut. One of the reasons you have this overproduction is because prices have dropped and forced more production.

Mr. ECKLES. I think so very definitely.

Senator PROXMIRE. Have you not seen that on specific farms?

Mr. ECKLES. Yes; we have seen it in the meetings that we have conducted all over the State, and we have asked our members the question and asked them to answer it in writing for us, and they are strong in saying that they have had to increase production in order to meet expenses, whereas if they had had better price levels and better returns, they probably would not have stretched the production as much.

Now, that conflicts with some theories the Congressmen will throw at you, but there is no question in my mind but what farmers have had to increase this production to meet some expenses that they would not have increased if they had had better price levels.

Meanwhile, farm costs have continued upward and the net income of dairy farmers has continued to suffer. Recent reports of the U.S. Department of Agriculture show that production items used by farmers have increased 13 percent and family living items of farmers are 19 percent above the 1947-49 average. The increase in cost of production items would have been greater except for the fact that prices have decreased on items which farmers purchase from other farms, like their feed, and so forth.

For example, the price of feed is down 14 percent and the cost of seed has decreased 13 percent, but the living items are up 20 percent; that is, the overalls and the supplies generally that the farmers buy in their family living.

On the other hand, the cost of most items not produced on farms were up sharply. Motor supplies cost 24 percent more, motor vehicles are up 47 percent.

Senator PROXMIRE. This is as of what date?

Mr. ECKLES. Since the first of the year.

Senator PROXMIRE. The Wall Street Journal had a chart 3 days ago indicating the increase in motor supplies just in the last 2 years, and it was just shocking how much it was.

Mr. ECKLES. These farm cost figures were taken from agriculture prices for April 1960 put together by our economists.

Senator PROXMIRE. Motor vehicles were up 47 percent.

Mr. ECKLES. That is right. And farm machinery prices have increased 58 percent.

Senator PROXMIRE. And not only is the farmer confronted with a lower income, but to buy machinery he has to pay 58 percent more; more than half as much again as he paid in 1947. And he has a lower income.

Mr. ECKLES. That is right.

Farm wage rates were up 50 percent in that period, if he has to hire help. And farm real estate taxes have increased 94 percent.

Senator PROXMIRE. This is a very important point in those two States, Wisconsin and Minnesota, because we have a greater burden of property taxes than most States have. We rely on property more heavily. And I think it might show that it is even more burdensome in Wisconsin.

Mr. ECKLES. The interest cost per acre on farm real estate debt has gone up to 164 percent; that shows what has happened to the cost of money that farmers need to operate their enterprise.

Senator PROXMIRE. This is one of the most shocking aspects of what has happened in the 8 years.

Eight years ago farmers had income of about \$15 billion, and all of the money-lenders in the country, the interest recipients, had income of about \$12 billion. In other words, farmers had about 25 per-



cent more in income. Today farm income is down to \$10 billion, interest income is up to more than \$24 billion. So you have a situation in which the moneylenders have an income of 140 percent more than all the producers of food and fiber in the country.

And there is no question in my mind that if any two policies are the product of Government action, any two economic consequences, any two aspects of income are the consequence of Government action, it is farm income and interest income.

Interest income is exactly what the Federal Reserve Board decides it will be, and farm income has been very sensitive, of course, to Government action for many years. And this, it seems to me, is the clearest consequence of Government action.

Now, we have the interest enormously increasing, and as you point out here, the interest cost to the farmer has gone up especially. And as I understand it, the farmer, as a group, is more of a debtor than in almost any other economic classification that you can find.

Mr. ECKLES. It is necessary for him to do a lot of borrowing to finance his seedings and purchase the fertilizer or purchase livestock; they are big credit users—

Senator PROXMIRE. He purchases land and equipment, and every time he buys a tractor he has to pay for it on time, and pays 10 percent or more interest or finance charges.

Mr. ECKLES. They are big users of credit; I don't have the figures on it, but I know they are one of the big ones as far as business is concerned, and they annually need and seek in the money market the money to carry on the production enterprises. And for the Government to sanction and permit increased rates of interest on some of these things and to ignore the farm-price situation as thoroughly as they have done is very discouraging to agriculture, very discouraging.

Dairy farmers can no longer afford to subsidize the low living cost of the nonfarm segment of our population by unrealistically low milk prices and correspondingly low levels of farm income.

I don't think there is any question but what our farm program—and I am acquainted with it as it relates to the dairy business particularly—has been subsidization of low food costs to the consumer.

Senator PROXMIRE. The benefits to the consumer have been diminished because the portion of the consumer's dollar which goes to the farmer has been reduced; isn't that correct?

Mr. ECKLES. The amount which goes to the farmer has been reduced; that is correct. It has gone down to 38 percent from 50 in a few years.

Senator PROXMIRE. But I recall that month after month the Bureau of Labor Statistics shows that the cost of living has only gone up a tenth of 1 percent, or maybe even has dropped occasionally, and why?

In month after month it is because the price of food has gone down. That was entirely true last year, if there had not been a diminution in the price of food the cost of living would have gone up, but food is a big item, and the cost of living did not go up.

So what you say here is 100 percent true and is very pertinent to this bill, because this bill would increase the cost to the consumer only slightly in terms of food dollar, in terms of national income, very slightly. And Mr. Rhode would even contest this, but in my judgment it might somewhat increase the cost of cheese and butter.

Mr. ECKLES. It might cost the distribution industry, unless they passed it on—and their margins have widened in the last few years—there would be a slight increase to the consumer, but they have the purchasing power to buy it, and in my mind would not reduce consumption to amount to anything.

In order to keep pace with the growing needs of our growing population, and to meet their ever-increasing expenses, dairy farmers of the Nation have increased their total marketings of milk and cream by 16 percent since 1947-49, but the greater output has increased gross returns from farm marketings of dairy products by less than 6 percent. Such a change has not been sufficient to maintain the living standard of farmers. Instead, it has seen farmers slip even further behind the economic level of the nonfarm population.

Senator PROXMIRE. Right here you are dealing with the other factor.

Mr. ECKLES. That is right.

It has seen the average net per capita dollar income of the farm population from all sources increase by only 22.5 percent from the 1947-49 average to 1958, and let me say here in connection with that, that that includes all sources of farm income, that is Government payments, that is work off the farm to compensate for some of the losses in income produced—

Senator PROXMIRE. Value of food consumed on the farm?

Mr. ECKLES. I don't know whether that is included or not.

Senator PROXMIRE. That is generally included in all the statistics.

Mr. ECKLES. I don't know. But it is all sources of income to these farmers. And a lot of them are working off the farm in Wisconsin. And apparently 40 percent of the farm people have some off-the-farm income to supplement their income from farm operations.

Senator PROXMIRE. It is my understanding that about a third of the income for all the country for the farmers is nonfarming.

Mr. ECKLES. I believe that is correct. It sticks in my mind as being the correct figure.

The per capita net income which the nonfarm population received from all sources has increased by 40 percent. It has seen the average weekly wage in manufacturing industries of the Nation increase 7 percent from 1953 to 1959, while the average net income per farm in Wisconsin declined 15 percent, in the same period.

Now, that is getting awfully close to home with our folks, and in my opinion there would be a very strong argument for enactment of this legislation.

We believe the situation is serious for all dairy farmers and especially for those selling manufacturing milk. The increase in the support proposed in S. 2917 amounts to an increase of about 5 percent. It is small and will only help to solve a part of the financial problem of the dairy farmer. However, we believe it important that this step be taken to increase the price support level to the average price received by farmers for manufacturing milk during the past 2 years.

We urge adoption of the legislation embodied in S. 2917 promptly. It can serve as a deterrent to the increasing price squeeze on dairy farmers until further and more effective action can be taken by the Congress to improve the agricultural and dairy farm situation.

I want to thank you for the opportunity of presenting this, and I want to thank those folks who had the courage to introduce the bill for doing what they do and what they can to try to shore up this dairy farm price situation so that it cannot get worse than it has been for the last year or so.

I think there are definite indications that it might worsen in the next 6 months unless something is done because of the action taken by increasing these import quotas in the last few weeks.

And, Mr. Chairman, the dairy farmers in our area of the country respect the feeling you have on that matter very definitely. We know that you disagreed with it all along, but they went ahead and increased the import quotas on Edam and Guida

cheeses and foreign type Italian cheeses. We don't think anything in the world can happen but that will be an expansion of the foreign markets in the United States.

Senator PROXMIRE. Does it not seem to you slightly contradictory for the same administration, the same department to recommend and support the increase in the quota, and at the same time to say that the supply and demand situation in this country is such that we cannot have this very modest increase? You either have that one way or the other.

Mr. ECKLES. I can't reconcile that type thinking myself.

Senator PROXMIRE. Either we should not have increased the quota and permitted them to import more, or, if we did do that, we should say that certainly our farmers ought to get a little bit of benefit too.

Mr. ECKLES. I think so very definitely. And I am sure that the dairy farmers, in the manufacturing areas, at least, of the United States are very conscious of it, I cannot understand how you could find reasoning and justification for holding down at the lowest level practically permissive the support prices on manufactured milk and give the importers a chance to double the amount of materials they bring in that will depress prices down to the support level.

And I think it is very important for that reason that this legislation be passed so that we can keep the price up to the point where it has been in the last few years on manufactured milk.

Senator PROXMIRE. Thank you very much.

Mr. ECKLES. Thank you. I am glad to be here.

Senator PROXMIRE. In clarification of a point that was discussed between Mr. Eckles and myself, I want to put in the RECORD from Agricultural Prices, a publication of the U.S. Department of Agriculture, the following figures, which demonstrate how much of an increase, percentage increase, in milk it now takes for a farmer to buy precisely the same tractor.

For a 1930-39 belt horsepower wheel tractor, in 1947-49, the cost was \$2,100.

In March 1960, the cost was \$3,070, an increase of approximately 50 percent. And for milk of manufacturing grade percent, in 1947-49, the price was \$3.85; in March 1960, \$3.22; a drop in price of 16 percent, and therefore, to buy a tractor, the increase has been from 54½ hundredweights of milk, which was what it took in 1947-49, to 95 hundredweights today, an increase of about 80 percent, a tremendous increase, a far greater increase than the most efficient dairy farmer could expect in output so that he can't come near to replacing his tractor now without making a greater sacrifice than before.

STATEMENT OF OTIE M. REED, EXECUTIVE DIRECTOR, NATIONAL CREAMERIES ASSOCIATION

Senator PROXMIRE. Mr. Reed, you are the executive director of the National Creameries Association?

Mr. REED. Yes.

Senator PROXMIRE. We are very happy to have you here this morning. Do you want to proceed in your own way?

Mr. REED. Mr. Chairman, I have a very short statement here. And from what I have heard from the testimony and the statements that I have seen presented, you certainly have a plethora of data presented to you as to this entire situation.

May I proceed to read parts of the statement?

Senator PROXMIRE. Go right ahead.

Mr. REED. Mr. Chairman and members of the committee, my name is Otie M. Reed, and I am executive director of National Creameries Association, with offices located at 1107 19th Street, NW., Washington, D.C.

Our membership consists of several hundred dairy plants located in Wisconsin, Min-



nesota, North Dakota, South Dakota, Kansas, Iowa, Nebraska, and Oregon. Practically all of our members are locally owned and operated cooperative associations of dairy producers engaged primarily in the manufacture of dairy products such as butter, cheese, and nonfat dry milk. About 30 of our plants, in addition to manufacturing facilities, also operate grade A receiving facilities and ship grade A milk to fluid milk markets.

We are appearing here today in support of S. 2917, which would increase the price support level for manufacturing milk to \$3.22 per hundredweight, and the price support level for butterfat to 59.6 cents per pound.

The proposed prices compare with price supports announced by the Secretary of Agriculture for this marketing year beginning April 1, 1960, of \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound butterfat.

In connection with legislation of this category, Senator PROXMIRE, I think you and others of this committee will recall that for several years we have urged the passage of legislation which would increase the support levels to three and a quarter per hundredweight for manufacturing milk with comparable increases in the price supports for butterfat.

Several years ago, I think in 1958, such legislation was actually passed by the Congress, but it was vetoed.

In the several appearances that we have made on the occasion of hearings on these other bills, we have pointed out our belief that the price support level should be increased for a variety of reasons. If we look through the figures at the end of this statement we see where I have tabulated the average prices received per hundredweight by producers at their manufacturing plants in the United States.

Senator PROXMIRE. That is very helpful.

Mr. REED. Now, the averages which I show there are unweighted averages, that is to say, we just added up the 12 months and divided them by 12.

But you will note that most of the time during this period the prices have averaged somewhat above support levels, and currently, for the first 4 months of this year, they have averaged \$3.24.

As of April—these are USDA reports coming from agricultural prices which was mentioned in the previous testimony—the price was \$3.17 per hundredweight.

I believe that, barring some unusual seasonality in the prices of manufacturing milk and butterfat this year, the prices still will average somewhat above the support level.

If we go into the purchase situation, purchases of butter, cheese, and nonfat dry milk during the marketing years 1956-57, shown in table 2, last year we noticed the decrease in the purchase of butter under price supports of about 15 million pounds. There was a slight increase in the purchase of cheese from the very low point reached in 1958-59, but it is extraordinarily lower than the heavy purchases of cheese in 1957 and 1958.

Nonfat dry milk—there are two columns shown there. One is purchase contracts, and the others are schedules of deliveries under such contracts, and I showed the latter column in order to take out some of the distortions that are involved in the data if we used only purchase contracts, the date that they were let, as consummating the actual purchase.

For example, we find that frequently large purchase contracts are let toward the end of the marketing season, and of course the deliveries will take place during the ensuing season.

So in the case of the major dairy products, the manufactured dairy products, nonfat dry milk is of course in very heavy supply and

surplus. I think we should expect to see that continue.

Senator PROXMIRE. Do you have any dollar figures on the costs of this?

Mr. REED. No; I haven't worked those out.

Senator PROXMIRE. It would seem just off-hand that it was lower than in 1959-60 than any of the preceding years, although we would have to compare them closely to be sure.

Mr. REED. I can work out if you wish an approximation of these purchase costs based on table 2. And if you want the data more completely, I can get it from the Commodity Credit Corporation.

Senator PROXMIRE. I would. These are very, very helpful charts, and I appreciate having them.

Mr. REED. Would you want me to try to secure from CCC the net cost of the program, that is, the purchase plus handling, less its realizations on sales?

Senator PROXMIRE. Yes.

Of course, this has to be evaluated pretty carefully—

Mr. REED. That is a little bit tough to get.

Senator PROXMIRE. And it is tough to evaluate, because where we use it in Public Law 480, or we use it in some of our other foreign-aid programs, we charge the farmer, whereas actually in my judgment, this is part of our foreign-aid program. It is very justifiable and very helpful to other countries, and so forth. But it is primarily for their benefit, rather than our farmers; if we have that in mind when we are using that, we are safe. I would like to have that information on the net cost of the program.

Mr. REED. I believe I can extract that from published CCC information as to their inventory and operational position which they put out each month.

(The information referred to above is as follows:)

WASHINGTON, D.C., May 25, 1960.

Hon. WILLIAM PROXMIRE,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR PROXMIRE: This letter is for the purpose of attempting to give further information as requested at the hearing Friday, May 20, 1960, on S. 2917.

I regret that complete data in respect to total costs and recoveries from dispositions are not yet available to me for the 1959-60 marketing year ending March 31, 1960.

However, on a purchase-cost basis, the cost of butter, cheese, and nonfat dry milk removed from the market under the price-support program in 1959-60 was somewhat above \$200 million. I do not have the accounting for the costs of handling, shipping, storage, and the like, which would add to these costs. Nor do I have yet available the amount of money which Commodity Credit Corporation received from products disposed of in a number of outlets.

In respect to the matter of farm efficiencies, my comments before the subcommittee on Friday, May 20, were made from personal observation over many years of experience in dairy production and marketing and not from any precise analysis of gains in productivity in dairy farms in the United States.

While, of course, with considerable research, it would be possible to show the increases in milk production per labor unit, for example, and other factors drawn from scattered research sources, we know that any number of series of general information furnishes us an understanding of the growing efficiency of U.S. dairy farms.

We know, for example, that the efficiency of the producing animal has been greatly increased in recent years. A rather adequate general measure of this is the continuous increase that is taking place in milk production per cow. For example, in 1945, total milk production was 119.8 billion pounds from 25 million head of milk cows on farms.

In 1959, total milk production was 124.4 billion pounds from 19.3 million head of milk cows on farms. Cow numbers thus were down about 27 percent from 1945 to 1959, whereas total milk production was up 4 percent.

Milk production per cow during this same period showed an increase of 34 percent. These increases are due to better feeding practices, better handling practices, and in particular better breeding practices. We know that dairy farms are becoming larger due to expansion of farms through combination of smaller farms and the like.

The advent of bulk tanks on farms has been a large stride forward, and the records show that when farms shift to bulk tank operations they generally increase the size of the herds and no doubt the overall efficiency.

There is no question whatsoever that a much higher degree of mechanization on farms utilizes less manual labor per unit of output than ever before in history.

The same situation holds true in regard to milk processing plants. Plants are becoming far fewer in number and much larger. Members of local cooperative dairy associations are going on all the time. New plants are being constructed and smaller, inefficient plants are being closed.

It seems fair to say that the dairy farmer and the processing industry are doing their very best to increase their efficiency and reduce costs of operation, and are making great progress in these endeavors.

In spite of all this, returns to dairy farmers due to low market prices are so low that dairy farmers are in considerable distress and, therefore, S. 2917 should be enacted.

Sincerely yours,

OTIE M. REED,  
Executive Director, National Creameries Association.

Mr. REED. Now, as far as production is concerned this year, there seem to be some indications that it may go up somewhat. The number of cows and heifers has apparently reached the low point. Considerably more young stock is being kept on the farm as compared to recent years, and there may be, therefore, some slight increase in the production.

Of course, we all know that the witnesses that have been previously questioned in this hearing have shown the cost-price squeeze that the producers are in. And rather than quote a bunch of figures of that nature which are already in the record, I would like to say that I made a number of visits in Wisconsin and Minnesota and attended meetings in the last 3 months in which the attendance of producers and cooperative managers and members of their board of directors and the like have been heavy. And there seems to be—I am sure there is—about as much unrest and dissatisfaction with their financial position as I have witnessed in many years, not only part of farmers, but also, on the part of the local cooperative associations who are having great difficulty in making ends meet because of the extreme competition for supplies of milk between them.

Senator PROXMIRE. Is this, do you think, an accumulation of years?

It seems to me the basis of the figures that you have in the first chart, table 1, that the prices are a little better than they have been. Do you adjust them seasonally?

The fact is that over the last 4 or 5 or 6 years there has been a continued—what I think is a depression, not a recession—a first-class depression for farmers which has been terribly painful. This relatively small increase that you have indicated here, particularly since last fall, beginning, say in August or so, and continuing steadily, has not been sufficient to alleviate this distress.



Mr. REED. I do think you have an accumulation of many things.

Now, when the price support level was reduced some years back, and even of course before that time, the farmers approached the protection of their income position and their earnings position in two different ways.

First, you try to get as much as you can out of the finished commodity.

Second, you try to so adjust your own production practices and the like as to operate more efficiently.

Now, it has been my observation that in the major dairy areas there has been a very important movement on the part of farmers to improve their operating efficiencies. And I think they have done so to a rather marked extent.

We have witnessed the development of better handling practices, the amalgamation of herds—one farmer will go out of business and the herd will be taken in by another farmer, increasing the size of his operations. Particularly in those areas which are going into bulk tank, which is true in Wisconsin and Minnesota, the farmers who adopt that type of operation of handling milk generally increase the size of their herds and the like.

The same thing is happening in our section in operation of dairy plants. Many of your plants in the State of Wisconsin are undergoing a great deal of new construction activity, rearrangement of plant facilities, and the like, so as to operate more efficiently.

The same thing has taken hold rather rapidly in northeastern Iowa, where many small plants are being combined into large, quite efficient, first-class operating plants.

But the point is, I think that the producers and the cooperative associations, and others, have extracted, if you will, just about as much from the moves toward greater efficiency as can reasonably be expected. And I think a large part of this unrest is that in spite of all their moves to increase the efficiency of their operations, they still are not making the amount of money that they consider anywhere near appropriate.

Senator PROXMIRE. You feel that on the basis of your experience and what you said about the trend on the farms, that dairying is still a family operation?

Mr. REED. Yes.

Senator PROXMIRE. And the most efficient operation is probably limited in size, so you are unlikely to have the kind of expansion that you have in many other crops?

Mr. REED. No, I don't think you will. I think these cow pools and that sort of thing run into factors in their operational costs which make them less efficient than a well-run family farm.

The family farm is getting larger, there isn't any question about it. One man is handling in many instances twice as many animals as he handled, say, 10 years ago. And back in the days when I worked on a dairy farm in Wisconsin, we had a plethora of manpower compared to what you have now. The volume of work units accomplished, if you want to call it that, by the farmers, I think, has shown an extraordinary increase.

The point I want to make is that the—

Senator PROXMIRE. Any figures that you have on that would be very useful. I know there are all kinds of general figures on farmers as a whole, how vastly they have increased their efficiency. I think this is a very important fact, because part of the American dream is that not only you have economic justice, but when a fellow does a better and more intelligent job and is more efficient, when he works harder and puts in more time and invests his money and takes a risk and does all of these things, he deserves a reward.

I think we can show very clearly that the farmer works more, and puts in his own money and takes a terrific risk on the

weather, and vast fluctuations on price, and in general we can show he is far more efficient, and he has increased his efficiency, I think, three times as fast, 81 percent in the last 12 years as compared to 27 percent in the economy as a whole.

But if I could get anything specific and definite on the dairy farmer, I think it would be very helpful to this bill so that we can nail it down in this case.

Mr. REED. I would like to do that. I will see if I can get them and supply them to you for the record. And I did want to stress that point. I personally am getting rather tired of people who consider the price-support program—who seem to think that the farmer is just sitting there waiting for somebody to bail him out of his economic difficulties.

Senator PROXMIRE. I agree with you thoroughly.

Mr. REED. I know that that is not true, that they have made great advances.

And I also do not like the proposition that many of the plants are not making any moves to do a better job, both qualitywise and in terms of cost of operations, because many of them make extensive outlays for the increase of their efficiency in manufacturing operations.

Some of the plants just a hundred miles, or 75 miles or so in Wisconsin out of Twin Cities, some of those already excellent plants have practically completely been rebuilt last year. Why?

For one thing, to produce more efficiently at a better price, to get more money for a better product, and cut their cost of operation.

I attended a meeting of managers of an organization in that area some 10 days or so ago. And those gentlemen spend a great deal of time—and these were managers of cooperative associations—discussing, on the basis of engineering studies that they had made, and the like of that, how they could organize their work force to get more out of their labor and how they could cut their costs, and they have done some pretty remarkable things. Even though, going as far as they have, they are not able to make any particular margin of return to return to producers at the end of the year.

I will try to get this information for you, Senator.

Senator PROXMIRE. That will be very, very helpful.

Mr. REED. And thank you.

Senator PROXMIRE. I want to thank you, Mr. Reed. You certainly do an excellent job in presenting your case. You are very, very convincing and persuasive. And it will be helpful, I am sure, on the floor, and in the subcommittee and the committee when we work on this bill, which we intend to do as rapidly as we can persuade our colleagues to go to work on it.

Thank you very, very much.

#### TRAVELING EXPENSES OF MEMBERS OF CONGRESS

Mr. WILLIAMS of Delaware. Mr. President, in recent days two reporters for the Knight newspapers, Mr. Don Oberdorfer and Mr. Walter Pincus, have cited a long list of glaring abuses of expense-account allowances of Members of Congress while on travels abroad. These disclosures only further emphasize the need for a law requiring the full publication of all these expense-account allowances.

On three occasions the Senate has approved such a bill, but each time it was rejected by the House. This proposal will be offered again before this Congress adjourns, and I am hoping that

the next time we shall be more successful.

It is the taxpayers' money that is involved, and there can be no justification for our failure to render a public accounting.

In this connection, I ask unanimous consent to have printed in the body of the RECORD two editorials, one appearing in the Washington Daily News of June 1, and one appearing in Life magazine of June 6.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, June 1, 1960]

#### EXPENSE CRACKDOWN

Two reporters for the Knight newspapers (Akron, Miami, Detroit, and Charlotte) say in a copyrighted article published by their papers that expense-account records of traveling Congressmen have been altered to cover up expenses not correctly chargeable to the taxpayers.

The reporters, Don Oberdorfer and Walter Pincus, cited a long list of examples.

Inquiries by other reporters among Congressmen later brought general denials. But the House Administration Committee, which is supposed to keep watch on such things, promptly held a closed meeting and the chairman, Representative OMAR BURLESON, said a crackdown on expenses accounts was ordered.

More important is the action taken by Ralph R. Roberts, Clerk of the House. He shut off the records. No other reporters can have a look at them. Mr. Oberdorfer and Mr. Pincus said they encountered the same trouble before they had finished their checkup.

"The voucher records are not now available while I have the entire matter under advisement," said Mr. Roberts.

This, despite Speaker RAYBURN's announcement that the records would be opened.

This Roberts is the fellow who last year took a Government-owned Cadillac, driven by a Government employee, to his home in Indiana. Vance Trimble, the Scripps-Howard writer who won three major journalism prizes for his articles on such loose practices, asked Mr. Roberts about this.

"I can use it (the car) any way I see fit," he said.

Which is typical of public employees who think the public money, and the records to show how it is spent, belong to them personally.

[From Life magazine, June 6, 1960]

#### HONESTY IS—A POLICY?

Is honesty the best policy—or just a policy? A lot of young people, in this era of payola and rigged quiz shows, have been asking this cynical question. Three events last week seemed to justify the cynicism:

Congressmen, who are fond of investigating the loose practices of others, have been soaking the taxpayers for some curious oversights of their own—such as yacht club flags, seven "meals" a day, \$40 bar bills, \$90 cabaret bills, luxury cruises, and costly visits to Honolulu and other resort areas.

Henry Welch, the \$17,500 director of the Food and Drug Administration's Antibiotics Division, raked in \$260,766 in 7 years from the drug industry he was supposed to regulate, by running medical journals frequently touting the antibiotics he was supposed to evaluate. Health Secretary Flemming, who knew of his sideline but not the size of his extra income, forced him out only after Senator KEFAUVER's antitrust subcommittee dredged out the facts by subpoena.









June 15 1960

8. LANDS; ELECTRIFICATION. The Government Operations Committee approved two reports, "Land Appraisal Practices, Department of Interior, Bureau of Land Management, Arizona" and "Electric Power Contract for Yellowstone National Park." p. D557

9. APPROPRIATIONS; ITEM VETO. Rep. Schwengel spoke in support of legislation to give the President authority to veto individual items in appropriation bills, and reviewed the history of the item veto as it has been used in the various States. pp. 11831-3

SENATE

10. MILK; PRICE SUPPORTS. The Agriculture and Forestry Committee reported with amendment S. 2917, to modify the price support level for milk and butterfat (S. Rept. 1592). p. 11705

11. COTTON; ACREAGE ALLOTMENTS; LAND GRANT COLLEGES. The Agriculture and Forestry Committee voted to report (but did not actually report) the following bills:  
p. D554  
H. R. 12115, to extend the present minimum national marketing quota for extra-long staple cotton to the 1961 crop;  
H. R. 11646, with amendment, to amend the act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton by defining certain offenses in connection with the sampling of cotton classification and providing a penalty provision;  
S. 3117, to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage allotments; and  
S. 3450, relating to the endowment and support of colleges of agriculture and mechanic arts, to increase the authorized appropriations for resident teaching grants to land-grant institutions.

12. PERSONNEL. The Government Operations Committee reported without amendment S. 3485, to provide for the payment of travel and transportation costs for persons selected for appointment to certain positions in the U. S. (S. Rept. 1584). pp. 11705

The Government Operations Committee reported with amendment H. R. 766, to amend existing laws so as to modify the strict penalty provision in title 5, U. S. Code, for the use of Government-owned vehicles and aircraft for other than official purposes and give to the heads of departments or agencies the discretion of fixing the disciplinary action in any given case (S. Rept. 1587). p. 11705

The Post Office and Civil Service Committee reported an original bill, S. 3672, to increase the salaries of Federal classified and postal employees (S. Rept. 1590). p. 11705

The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 7758, to improve the administration of overseas activities of the Government by providing for the establishment of a coordinated and uniform system for more effectively compensating Government employees for additional costs, and for hardships and inconveniences, incident to their working assignments in overseas areas and providing for uniformity of treatment for all overseas employees to the extent justified by relative conditions of employment; and S. 3421, relating to payment of death benefits under the Federal Employees' Group Life Insurance Act. p. D555

13. FORESTRY. The Agriculture and Forestry Committee voted to report (but did not actually report) S. J. Res. 95, providing for the acceleration of the reforestation programs of the Departments of Agriculture and Interior. p. D554



Sen. Goldwater commended the Forest Service on their work in creating "a very unique playground out of land that was of little value to either the citizenry or the Forest Service" and suggested that similar programs throughout the U. S. would be of value. pp. 11712-3

14. WATERSHEDS. The "Daily Digest" states that the Agriculture and Forestry Committee approved the following watershed projects: Caney Creek, Ky.; Chippewa Creek, Ohio; Ischua Creek, N. Y.; Mill Creek, Pa.; North Broad River, Ga.; North Fork of Little River, Ky.; and West Fork, Clarks River, Ky. p. D554
15. WILDLIFE; CHEMICAL PESTICIDES. The Interstate and Foreign Commerce Committee voted to report with amendment (but did not actually report) S. 3473, requiring consultation with the Fish and Wildlife Service and appropriate State agencies prior to instituting programs using chemical pesticides in biological control. The "Daily Digest" states that this bill was amended by the substitution of the language of H. R. 12419, a similar bill which has been reported by the House. p. D555
16. DEFENSE DEPARTMENT APPROPRIATION BILL, 1961. Began debate on this bill, H. R. 11998, but deferred final consideration until today, June 16. pp. 11784-5
17. GENERAL GOVERNMENT MATTERS APPROPRIATION BILL, 1961. A subcommittee of the Appropriations Committee voted to report with amendments to the full committee this bill, H. R. 11389. p. D554
18. INDEPENDENT OFFICES APPROPRIATION BILL, 1961. A subcommittee of the Appropriations Committee voted to report with amendments to the full committee this bill, H. R. 11776. p. D554
19. TRANSPORTATION. The Interstate and Foreign Commerce Committee voted to report with amendment (but did not actually report) S. 3228, relating to issuance of certificates of convenience and necessity by the ICC to certain common carriers by motor vehicle. p. D555  
The Banking and Currency Committee reported with amendment S. 3278, to amend the Housing Act of 1954 to assist State and local governments and their instrumentalities in improving mass transportation services in metropolitan areas (S. Rept. 1591). p. 11705
20. BOTANICAL GARDEN. The Public Works Committee reported with amendment S. 2919, to authorize the Secretary of the Smithsonian Institution to study and investigate the desirability and feasibility of establishing a national tropical botanic garden in Hawaii (S. Rept. 1589). p. 11705
21. INFORMATION; PUBLICATIONS. The Government Operations Committee reported without amendment S. 3579, to authorize agencies of the Government of the U. S. to pay in advance for required publications (S. Rept. 1583). p. 11705  
Received a report by the Comptroller General "Refusals to the General Accounting Office of Access to Records of the Executive Departments and Agencies" (S. Doc. 108). p. 11707
22. CONTRACTS; PURCHASING. The Government Operations Committee reported with amendment S. 3487, to amend the "Anti-Kickback Statute" to extend it to all negotiated contracts (S. Rept. 1585). p. 11705
23. LANDS. Received from the Defense Department proposed legislation to provide for the withdrawal from the public domain of lands in the Ladd-Eielson, Big Delta,



## PRICE SUPPORT FOR MILK AND BUTTERFAT

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JUNE 15, 1960.—Ordered to be printed

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Mr. PROXMIRE, from the Committee on Agriculture and Forestry,  
submitted the following

## REPORT

[To accompany S. 2917]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2917) to establish a price support level for milk and butterfat, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill would increase the support level for manufacturing milk and butterfat for the remainder of the current marketing year to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat. The announced support prices for this year of \$3.06 per hundredweight and 56.6 cents per pound are the same as have been in effect since April 1, 1958. The average price received by farmers for the marketing year ended March 31, 1960, was \$3.23 for manufacturing milk and 59.5 cents for butterfat. The bill would tend to stabilize prices at about this level and prevent the possibility of a price decline which, in view of cost increases since April 1, 1958, would present a difficult problem to dairy farmers.

Hearings were held by a subcommittee of this committee on May 19 and 20 and the printed hearings are now available. Passage of the bill was recommended by the National Milk Producers Federation, the National Farmers Union and all other witnesses, except the Department of Agriculture and the American Farm Bureau Federation.

The amendment recommended by the committee would make it clear that the bill is not intended to be retroactive. When the bill was introduced the current marketing year had not yet begun, and the bill was intended to be effective for the entire marketing year beginning April 1, 1960. The amendment would restrict it to the period from enactment until the end of the marketing year.

## DEPARTMENTAL VIEW

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 22, 1960.

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,*  
*U.S. Senate.*

DEAR SENATOR ELLENDER: This replies to your request of February 4 for a report on S. 2917, a bill to amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

This Department recommends that the bill not be enacted.

It is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions. The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The announced support prices for the 1959-60 marketing year are \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices are 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. Further progress has been made toward closing the gap between production and consumption in commercial outlets. It has been necessary, however, to buy substantial quantities of dairy products during the year. It is estimated that the total purchases for the marketing year will contain about 2 percent of the milkfat and 9 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses. These price support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by schoolchildren and military personnel.

Market prices of some dairy products rose above the CCC buying prices in the last 5 months of calendar year 1959. For the first 9 months (April-December) of the 1959-60 marketing year, the actual prices received by farmers averaged \$3.22 a hundredweight for manufacturing milk and 59.6 cents a pound for butterfat. This is the level that the bill seeks to maintain throughout the 1960-61 marketing year.

On January 8 the Department announced that the present support program for milk and butterfat would be continued through the 1960-61 marketing year. There is reasonable prospect that market conditions again will keep prices above the support level during part of the year. If market demand will not result in such a higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to



increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. *Notwithstanding the foregoing provisions, for the period beginning with the enactment of this sentence and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively.* Such price support shall be provided through loans on, or purchases of, milk and the products of milk and butterfat, and for the period ending March 31, 1956, surplus stocks of dairy products owned by the Commodity Credit Corporation may be disposed of by any methods determined necessary by the Secretary. For the period beginning September 1, 1954, and ending June 30, 1955, not to exceed \$50,000,000, and for the fiscal year ending June 30, 1956, not to exceed \$60,000,000, and for each of the two fiscal years in the period beginning July 1, 1956, and ending June 30, 1958, not to exceed \$75,000,000, of the funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in (1) nonprofit schools of high-school grade and under; and in (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children.







Calendar No. 1654

86TH CONGRESS  
2D SESSION

# S. 2917

[Report No. 1592]

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## IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1960

Mr. PROXMIRE (for himself, Mr. KENNEDY, Mr. HUMPHREY, Mr. MCCARTHY, Mr. SYMINGTON, Mr. YOUNG of North Dakota, Mr. MORSE, Mr. MUNDT, Mr. AIKEN, Mr. CARLSON, Mr. MAGNUSON, Mr. JACKSON, Mr. PROUTY, Mr. WILEY, and Mr. HENNINGS) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JUNE 15, 1960

Reported by Mr. PROXMIRE, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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## A BILL

To establish a price support level for milk and butterfat.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That subsection (c) of section 201 of the Agricultural Act  
4       of 1949 (7 U.S.C. 1446), as amended, is further amended  
5       by adding the following new sentence to be inserted immedi-  
6       ately after the first sentence:

7       “Notwithstanding the foregoing provisions, for the mar-  
8       keting year beginning April 1, 1960, the price of milk for  
9       manufacturing purposes and the price of butterfat shall be

1 supported at not less than \$3.22 per hundredweight and 59.6  
2 cents per pound, respectively.”

3 That subsection (c) of section 201 of the Agricultural Act  
4 of 1949 (7 U.S.C. 1446), as amended, is further amended  
5 by adding the following new sentence to be inserted imme-  
6 diately after the first sentence: “Notwithstanding the fore-  
7 going provisions, for the period beginning with the enactment  
8 of this sentence and ending March 31, 1961, the price of  
9 milk for manufacturing purposes and the price of butterfat  
10 shall be supported at not less than \$3.22 per hundredweight  
11 and 59.6 cents per pound, respectively.”





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**A BILL**

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To establish a price support level for milk and  
butterfat.

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By Mr. PROXMIRE, Mr. KENNEDY, Mr. HUM-  
PHREY, Mr. MCCARTHY, Mr. SYMINGTON, Mr.  
YOUNG of North Dakota, Mr. MORSE, Mr.  
MUNDT, Mr. AIKEN, Mr. CARLSON, Mr. MAG-  
NUSON, Mr. JACKSON, Mr. PROUTY, Mr.  
WILEY, and Mr. HENNING

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JANUARY 27, 1960

Read twice and referred to the Committee on  
Agriculture and Forestry

JUNE 15, 1960

Reported with an amendment









June 18, 1960

calendar, and Poage farm bill; and for the remainder of the week: supplemental appropriation bill, H. R. 12176, extension of farm labor program, H. R. 7624, food additives bill, and H. R. 9996, importation of excess property.  
(p. 12136) He Also stated that any votes on Mon. or Tues. would go over until Wed. (p. 12174)

18. ADJOURNED until Mon., June 20. p. 12175

SENATE - JUNE 18

19. COTTON. Passed as reported H. R. 11646, to amend the act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton, as amended, by defining certain offenses in connection with the sampling of cotton for classification and providing a penalty provision. p. 12275

Passed without amendment H. R. 12115, to extend the minimum national marketing quota for extra long staple cotton to the 1961 crop. This bill will now be sent to the President. p. 12276

20. DAIRY PRICE SUPPORTS. Passed over, at the request of Sen. Hart, S. 2917, to establish a price support level for milk and butterfat. p. 12275

21. ACREAGE ALLOTMENTS. Passed as reported S. 3117, to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage. p. 12276

22. CHEMICAL PESTICIDES. Passed without amendment H. R. 7480, to amend the Federal Food, Drug, and Cosmetic Act so as to provide that the term "chemical preservative" shall not apply to a pesticide chemical when used in or on a raw agricultural commodity produced from the soil, and to require that shipping containers for raw agricultural commodities be labeled to indicate by name or function the presence of any pesticide chemical that had been applied after harvest. This bill will now be sent to the President. pp. 12269-70

Passed over, at the Request of Sen. Hart, S. 3473, to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls. p. 12276

Sens. Curtis and Carlson criticized a statement by the Food and Drug Administration that the use of 2-4D weed killer on wheat fields might make the wheat unsalable, and invited any interested Senators to a meeting scheduled today for resolving the problem created by this announcement. pp. 12310-2

23. PERSONNEL. Passed over, at the request of Sen. Hart, H. R. 4601, to amend the act of Sept. 1, 1954, in order to limit to cases involving the national security the prohibition of payment of annuities and retired pay to officers and employees of the U. S. and S. 1638, to provide for an effective system of personnel administration for the executive branch of the Government. p. 12269

Passed without amendment S. 3486, to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the U. S. p. 12272

Passed without amendment S. 3485, to amend section 7 of the Administrative Expenses Act of 1946, to provide for the payment of travel and transportation cost for persons selected for appointment to certain positions in the U. S. p. 12274

24. WATERSHEDS. Passed without amendment H. R. 11615 (in lieu of similar S. 3383), to amend Sec. 4 of the Watershed Protection and Flood Prevention Act to authorize Federal assistance on watershed projects prior to acquisition of land,

June 18, 1960

Agreed to the following amendments:

By Rep. Coffin to provide that none of the funds for technical cooperation shall be used to initiate any project or activity which has not been justified to the House and Senate (rather than justified to the Committees of Appropriations of the House and Senate as provided in the bill as reported). pp. 12129-30

By Rep. Yates to strike out a provision of the bill which would have provided that none of the funds could be used for the Indus River Basin project in India and Pakistan. pp. 12138-43

By Rep. Roosevelt to increase the appropriation for technical cooperation from \$150,000,000 to \$172,000,000. pp. 12130-1

By Rep. Reuss to strike out a provision of the bill providing that none of the funds shall be used to study the advisability of a Point Four Youth Corps to train young people to serve abroad in the technical cooperation program. pp. 12149-54

11. **TRANSPORTATION.** The Interstate and Foreign Commerce Committee reported the following bills: p. 12175

S. 1508, without amendment, to provide for the economic regulation of the Alaska Railroad under the Interstate Commerce Act (H. Rept. 1913);

S. 1509, with amendment, to amend the Interstate Commerce Act so as to provide for "grandfather" rights (preference rights for certain carriers operating in the past) for certain motor carriers and freight forwarders in Alaska (H. Rept. 1914).

12. **PERSONNEL.** The Post Office and Civil Service Committee reported with amendment S. 2857, to amend the Civil Service Retirement Act so as to provide for refunds of contributions in the case of annuitants whose length of service exceeds the amount necessary to provide the maximum annuity allowable under the act (H. Rept. 1916). p. 12175

13. **PUBLIC LANDS.** A subcommittee of the Interior and Insular Affairs Committee voted to report with amendment H. R. 10418, to revise the boundaries of the Coronado National Memorial. p. D570

14. **FRUIT AND NUT IMPORTS.** The "Daily Digest" states that the Rules Committee tabled H. R. 12341, regarding import restrictions on lemons, oranges, figs, dates, and walnuts. p. D570

15. **WHEAT; FARM PROGRAM.** Rep. Riehlman inserted a newspaper editorial urging enactment of legislation to provide a "new approach" to the farm program, stating that last year "96 factory-style farms collected more than \$50,000 each in cash loans on their wheat." p. 12171

16. **SMALL BUSINESS; MARKETING.** Rep. Patman inserted his testimony, and that of Rep. McFall, before the House Interstate and Foreign Commerce Committee supporting the enactment of legislation to prohibit the sale of commodities at unreasonably low prices. pp. 12160-66

17. **LEGISLATIVE PROGRAM.** Rep. Albert announced the following legislative program: Mon., June 20: consent calendar, followed by the following bills under motions to suspend the rules: S. 1508, Alaska railroad regulation, S. 1509, grandfather rights for motor carriers in Alaska, H. R. 9600, donation of surplus property, and H. R. 11499, use of surplus property by States; Tues: Private



or interest in land with respect to which such application was filed in accordance with the applicable provisions of the Federal Property and Administrative Services Act of 1949.

SEC. 3. As used in this Act, the term "former owner" means the person from whom any land or interest in land referred to in subsection (a) of the first section of this Act was acquired by the United States; or if any such person is deceased, his spouse; or if such spouse is also deceased, one or more of his natural or adopted children.

SEC. 4. No application shall be received by the Administrator pursuant to the provisions of this Act after one year from the date of its enactment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### PENALTIES FOR USE OF GOVERNMENT-OWNED VEHICLES FOR OTHER THAN OFFICIAL PURPOSES

The Senate proceeded to consider the bill (H.R. 766) to amend section 5 of the act of July 16, 1914, relating to penalties for the use of Government-owned vehicles for other than official purposes, which had been reported from the Committee on Government Operations, with an amendment on page 1, after line 9, to strike out:

Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned vehicle or aircraft, or of any vehicle or aircraft leased by the Government, for other than official purposes or otherwise violates the provisions of this subsection shall be subject to such disciplinary action as the head of the department concerned or his representative may prescribe, which disciplinary action may include removal from his position, if circumstances warrant.

And, in lieu thereof, to insert:

Any officer or employee of the Government who willfully uses or authorizes the use of any Government-owned vehicle or aircraft, or of any vehicle or aircraft leased by the Government, for other than official purposes or otherwise violates the provisions of this subsection shall be suspended from duty by the head of the department concerned, without compensation, for not less than one month, and shall be suspended for a longer period or summarily removed from office if circumstances warrant.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

#### NATIONAL TROPICAL BOTANIC GARDEN

The Senate proceeded to consider the bill (S. 2919) to provide that the Secretary of the Smithsonian Institution shall study and investigate the desirability and feasibility of establishing and maintaining a national tropical botanic garden, which had been reported from the Committee on Public Works, with an amendment, to strike out all after the enacting clause and insert:

That the President of the United States is authorized to have a complete study and investigation made of the desirability and feasibility of establishing and maintaining a national tropical botanic garden to be

located in the State of Hawaii for the purpose of research and education concerning tropical flora, and for the instruction and recreation of the people. The study and investigation may be made by such departments or agencies as the President may designate.

SEC. 2. There shall be submitted to Congress, within one year after funds are made available to conduct the study and investigation authorized by this Act, a report of the findings of such study and investigation, together with such recommendations as are deemed appropriate. Such report shall contain, but shall not be limited to, specific findings with respect to (1) which department or agency of the Federal Government would be best suited to establish and maintain the botanic garden referred to in the first section of this Act, and (2) the estimated cost to the United States of establishing and maintaining such a botanic garden.

SEC. 3. There are hereby authorized to be appropriated such sums, not to exceed \$5,000 as may be necessary to carry out the provisions of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill providing for a study and investigation of the desirability and feasibility of establishing and maintaining a national tropical botanic garden."

#### BILLS PASSED OVER

The bill (S. 3672) to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes, was announced as next in order.

Mr. HART. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3278) to amend section 701 of the Housing Act of 1954 (relating to urban planning grants), and title II of the Housing Amendments of 1955 (relating to public facility loans), to assist State and local governments and their public instrumentalities in improving mass transportation services in metropolitan areas, was announced as next in order.

Mr. HART. Mr. President, this bill is a very desirable one; but I must ask that it go over, by reason of the fact that it is not appropriate for disposition during the call of the calendar.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

The bill (S. 2917) to establish a price support level for milk and butterfat was announced as next in order.

Mr. HART. Mr. President, let me say that this bill, too, is a very desirable one; but, again, I must ask that the bill go over, by reason of the fact that it is not appropriate for disposition during the call of the calendar.

The PRESIDING OFFICER. Objection is heard, and the bill will go over.

#### RELEASE OF RESTRICTIONS AND RESERVATIONS IN CONVEYANCE OF CERTAIN LAND TO THE STATE OF WISCONSIN

The bill (H.R. 11952) to repeal the act of May 29, 1958, which authorized and

directed the Administrator of General Services to provide for the release of restrictions and reservations contained in an instrument conveying certain land by the United States to the State of Wisconsin was considered, ordered to a third reading, read the third time, and passed.

#### COLLECTION AND PUBLICATION OF STATISTICS OF GRADE AND STAPLE LENGTH OF COTTON

The Senate proceeded to consider the bill (H.R. 11646) to amend the act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton, as amended, by defining certain offenses in connection with the sampling of cotton for classification and providing a penalty provision, and for other purposes, which had been reported from the Committee on Agriculture and Forestry, with an amendment, on page 2, line 12, after "(c)", to strike out "for any person to alter, or cause to be altered, any sample taken for classification under this Act by any means such as trimming, peeling, or dressing the sample, or by removing any leaf, trash, dust, or other material from the sample" and insert "for any person knowingly to alter or cause to be altered a sample taken for classification under this Act by any means such as trimming, peeling, or dressing the sample, or by removing any leaf, trash, dust, or other material from the sample for the purpose of misrepresenting the actual quality of the bale from which the sample was taken".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### BILL PASSED OVER

The bill (S. 3450) to amend section 22 (relating to the endowment and support of colleges of agriculture and mechanic arts) of the act of June 29, 1935, to increase the authorized appropriation for resident teaching grants to land grant institutions, was announced as next in order.

Mr. HART. Mr. President, again, it is a desirable bill, but certainly not appropriate for calendar action. I ask that it go over.

The PRESIDING OFFICER. The bill will go over.

#### EASEMENT OF CERTAIN LANDS TO THE CINCINNATI SOUTHERN RAILWAY

The bill (S. 3665) to authorize the Secretary of Agriculture to grant an easement over certain lands to the trustees of the Cincinnati Southern Railway, their successors, and assigns was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Secretary of Agriculture is authorized, upon



such terms as he may deem advisable, to grant and convey by proper instrument a perpetual easement to the trustees of the Cincinnati Southern Railway, their successors and assigns, in, upon, across, and over national forest lands and other lands under the jurisdiction of the Department of Agriculture for the construction, maintenance, and operation of the line of railway incident to the relocation of its main line between Tateville, Kentucky, and Flat Rock, Kentucky, and for any related purposes deemed appropriate by the Secretary: *Provided*, That such easement (a) shall be granted only upon a finding by the Secretary that it will not be incompatible with the public interest, (b) shall not include any more land than is reasonably necessary for the purpose for which granted, (c) shall include provisions for payment of adequate compensation, and (d) may include a right to use from the subject lands materials and products for the construction and maintenance of authorized improvements thereon upon the payment of adequate compensation therefor.

SEC. 2. All or any part of such easement may be annulled or forfeited by declaration of the Secretary for failure to comply with the terms of the grant or for nonuse for a period of two consecutive years or abandonment of rights granted under authority hereof.

#### TREATMENT OF BASIC AGRICULTURE COMMODITIES

The Senate proceeded to consider the bill (S. 3117) to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage, which had been reported from the Committee on Agriculture and Forestry, with an amendment, to strike out all after the enacting clause and insert:

That section 374(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1374(b)), is amended by striking out the last sentence thereof.

SEC. 2. Section 374(c) of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following: "The Secretary shall by appropriate regulations provide for the remeasurement upon request by the farm operator of the acreage planted to such commodity on the farm and for the measurement of the acreage planted to such commodity on the farm remaining after any adjustment of excess acreage hereunder and shall prescribe the conditions under which the farm operator shall be required to pay the county committee for the expense of the measurement of adjusted acreage or the expense of remeasurement after the initial measurement of the measurement of adjusted acreage. The regulations shall also provide for the refund of any deposit or payment made for the expense of the remeasurement of the initially determined acreage or the adjusted acreage when because of an error in the determination of such acreage the remeasurement brings the acreage within the allotment or permitted acreage or results in a change in acreage in excess of a reasonable variation normal to measurements of acreage of the commodity. Unless the requirements for measurement of adjusted acreage are met by the farm operator, the acreage prior to such adjustment as determined by the county committee shall be considered the acreage of the commodity on the farm in determining whether the applicable farm allotment has been exceeded.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### EXTENSION OF MINIMUM MARKETING QUOTA FOR EXTRA LONG STAPLE COTTON

The bill (H.R. 12115) to extend the minimum national marketing quota for extra long staple cotton to the 1961 crop was considered, ordered to a third reading, read the third time, and passed.

#### CONVEYANCE OF CERTAIN REAL PROPERTY TO THE VILLAGE OF HIGHLAND FALLS, N.Y.

The Senate proceeded to consider the bill (H.R. 6479) to provide for the conveyance of certain real property of the United States to the village of Highland Falls, N.Y., which had been reported from the Committee on Armed Services, with an amendment, on page 1, line 3, after the word "at", to strike out "50 per centum of the".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### BILLS PASSED OVER

The bill (S. 3473) to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls, was announced as next in order.

Mr. HART. Mr. President, by request, I ask that the bill go over, and I also ask the Calendar No. 1664, H.R. 12381, which is the pending business, also go over.

The PRESIDING OFFICER. Calendar Nos. 1663 and 1664 will be passed over.

#### QUIET TITLE TO CERTAIN LANDS WITHIN THE NEZ PERCE INDIAN RESERVATION, IDAHO

The Senate proceeded to consider the bill (S. 2711) to quiet title to certain lands within the Nez Perce Indian Reservation, Idaho, and for other purposes, which has been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 2, after line 2, to strike out:

SEC. 3. This Act shall become effective upon entry of the Nez Perce Tribe into a stipulation in litigation now pending before the Indian Claims Commission under section 2 of the Act of August 13, 1946 (60 Stat. 1049) that this land is not involved in such litigation.

And, in lieu thereof, to insert:

SEC. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

So as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of*

*America in Congress assembled*, That all of the right, title, and interest of the United States in the lands within the Nez Perce Reservation, Idaho, now reserved for agency, school, or cemetery purposes is hereby declared to be held in trust for the Nez Perce Tribe of Indians, subject to the right of the United States to use said lands for agency, school, or administrative purposes.

SEC. 2. Nothing in this Act shall be construed as confirming or denying the claim that said lands have, since 1855 and up to the effective date of this Act been held in trust by the United States for the Nez Perce Tribe.

SEC. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TRUSTEESHIP OF CERTAIN LANDS FOR THE CHEYENNE RIVER SIOUX TRIBE OF INDIANS

The Senate proceeded to consider the bill (H.R. 4786) declaring certain lands to be held in trust for the Cheyenne River Sioux Tribe of Indians of South Dakota, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 2, after line 13, to insert a new section, as follows:

SEC. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### CONVEYANCE OF CERTAIN LAND IN TRUST TO THE CITIZEN BAND OF POTAWATOMI INDIANS OF OKLAHOMA

The Senate proceeded to consider the bill (H.R. 7990) to convey certain land of the United States in trust to the Citizen Band of Potawatomi Indians of Oklahoma, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Interior is authorized and directed to convey to the Citizen Band of Potawatomi Indians of Oklahoma, all right, title, and interest of the United States in and to approximately 57.99 acres of land more particularly described in section 2 of this Act, subject to the right of the Absentee Shawnee of Oklahoma, Sac and Fox of Oklahoma, Kickapoo of Oklahoma, and Iowa Tribe of Oklahoma to use the Potawatomi community house that may be constructed and maintained thereon. The title of the tribe thereto shall be subject to









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
  
(For Department  
Staff Only)

Issued June 21, 1960  
For actions of June 20, 1960  
86th-2d, No. 113

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**HIGHLIGHTS:** House committee reported supplemental appropriation bill. House sub-committee voted to report bill to increase milk and butterfat price supports. House committee reported housing bill. Sen. Long, Hawaii, introduced and discussed bill re change of apportionment formula of School Lunch Act. Sen. Ellender submitted and discussed measure to establish annual National Forests Products Week.

## HOUSE

1. **APPROPRIATIONS.** The Committee on Appropriations reported without amendment H. R. 12740, the Supplemental Appropriation Bill for 1961 (H. Rept. 1923) (p. 12382). The bill includes an estimate of \$1,500,000 for the Agricultural Research Service. The Committee earmarked \$200,000 of this estimate for a program to eradicate the screwworm in the Southwest; the balance of \$1,300,000 is for additional research to develop new methods of controlling insects and other pests of plants and animals. The Committee did not approve an estimate of \$500,000 for Foreign Agricultural Service for agricultural market development and trade promotion activities in foreign countries and necessary support in the U. S.

The bill also includes \$73,666,700 for payment of the first installment of the subscription of the United States in the International Development Association.

The Committee denied the request for a supplemental appropriation of \$986,800 for further expansion of international trade fairs and trade missions, stating that it "is in agreement with the objectives of the program but considers the amount provided for 1961 in the regular bill by the House fully adequate."

2. HOUSING. The Banking and Currency Committee reported with amendment H. R. 12603, to extend and amend laws relating to the preservation and improvement of housing and the renewal of urban communities (H. Rept. 1924). p. 12382
3. MILK; PRICE SUPPORTS. The Dairy and Poultry Subcommittee of the Agriculture Committee voted to report to the full committee H. R. 12238, with an amendment to substitute the language of a similar bill, S. 2917, to provide for an increase in the price support level for manufacturing milk and butterfat for the remainder of the current marketing year, beginning with the date of enactment of the bill until March 31, 1961, to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat. p. D579
4. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7810, to credit periods of interment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act of 1951 (H. Rept. 1920). p. 12381  
A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 2575, to provide a health benefits program for certain Federal employees, with an amendment to substitute the language of a similar bill, H. R. 12495. p. D580
5. MINERALS; LANDS. A subcommittee of the Interior and Insular Affairs Committee voted to report with amendment H. R. 11200, to authorize the Secretary of the Interior to sell certain reserved mineral interests of the U. S. located in Fla. to the record owners of the land. pp. D579-80
6. WATERSHEDS. Received a letter from the Agriculture Committee approving the following watershed projects: Mill Creek, Pa., Chippewa Creek, O., Ischua Creek, N. Y., West Fork of Clarks River, North Fork of Little River, Ky., North Broad River, Ga., Bad Axe, Wisc., Tabo Creek, Mo., Mill-Picayune Creek, Badger Creek, Iowa, Vineland Area Tributary to Arkansas River, Colo., Huff Creek, S. C., and Brush Creek, W. Va. p. 12376
7. RECLAMATION. Received from the Interior Department a coordinated report on the San Juan-Chama project, Colorado-New Mexico, and the Navajo Indian irrigation project, New Mexico. p. 12381
8. DEFENSE DEPARTMENT APPROPRIATION BILL, 1961. Conferees were appointed on this bill, H. R. 11998. Senate conferees have been appointed. p. 12377
9. LEGISLATIVE PROGRAM. Rep. Albert announced that the call of the Consent Calendar and motions to suspend the rules for consideration of certain bills on the program for Mon., June 20 (see Digest 111 and 112) will be postponed until Tues. and Fri. (p. 12376). He stated that today, June 21, the Poage farm bill will be considered and the Private Calendar will be called (p. 12337)

SENATE

10. LEGISLATIVE APPROPRIATION BILL, 1961. Passed with amendments, by a vote of 81 to 0, this bill, H. R. 12232 (pp. 12470-85). Agreed to, by a vote of 56 to 23, an amendment by Sen. Williams, Del., to an amendment by Sen. Stennis, requiring Senators and Representatives and their employees to report expenditures made while traveling in foreign countries on official business (pp. 12476-83). Senate conferees were appointed (p. 12485).



11. PUBLIC DEBT; TAXATION. Passed with amendments, by a vote of 84 to 0, H. R. 12381, to extend for 1 year the public debt limit and the existing corporate normal-tax rate and certain excise-tax rates (pp. 12393, 12398-24, 12426-44, 12448-70).
12. SALINE WATER. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendments S. 3557, to expand and extend the saline water conversion program. p. D578
13. MILK; PRICE SUPPORTS. As reported (see Digest 109), S. 2917, would increase the price support level for manufacturing milk and butterfat for the remainder of the current marketing year, beginning with the date of enactment of the bill until March 31, 1961, to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat (as introduced the bill would have increased support prices by these amounts for the entire marketing year beginning April 1, 1960).
14. MINIMUM WAGE. Sen. Young, Ohio, urged enactment of legislation to raise minimum wages and to extend their coverage. p. 12396
15. LEGISLATIVE PROGRAM. Sen. Johnson, Tex., announced that the legislative program for today, June 21, would include consideration of the following: H. R. 11776, the independent offices appropriation bill for 1961; H. R. 11389, the general Government matters appropriation bill for 1961; H. R. 10455, to amend the Mineral Leasing Act; H. R. 2565, relating to fish and game management on military reservations; and S. 2692, to establish an oceanographic research program. p. 12486

ITEMS IN APPENDIX

16. AIR POLLUTION. Extension of remarks of Rep. Roberts, Ala., inserting a summary, with various tables, showing the results of a study of air in various cities and rural locations. pp. A5277-8
17. RECLAMATION. Rep. Chenoweth inserted a report of the committee on irrigation and reclamation to the National Rivers and Harbors Congress. pp. A5282-4  
Rep. Ullman inserted an address, "What Reclamation In the Arid and Semi-Arid West Has Meant to the United States." pp. A5295-7
18. FARM PROGRAM. Extension of remarks of Rep. Langen inserting facts made public by the National Foundation for Economic Stability regarding agriculture and stating that the facts "show the disruptive effects which a depressed agricultural economy has had on consumer sales and the entire national economy." p. A5284
19. FOREIGN AID. Speeches in the House by various Representatives during debate on the mutual security appropriation bill. pp. A5285-6, A5287, A5289, A5297, A5297-8
20. ROADS. Extension of remarks of Rep. Baring inserting an article, "Our Great Big Highway Bungle," and commending the writer "in presenting a true picture of the waste, graft, and corruption that has now infiltrated the interstate program." pp. A5304-6

BILLS INTRODUCED

21. POSTAL SERVICE. H. R. 12732, by Rep. Hechler, to provide that, to the maximum extent practicable, postage rates for second-class and third-class mail shall cover the costs of such mail; to Post Office and Civil Service Committee.  
H. R. 12734, by Rep. Pelly, to amend title 39, United States Code, the postal service; to Post Office and Civil Service Committee.
22. PUBLIC WORKS. H. J. Res. 766, by Rep. Loser, providing for the designation of the week commencing October 2, 1960, as "National Public Works Week"; to Judiciary Committee.
23. SCHOOL LUNCH. S. 3700, by Sen. Long, Hawaii, to amend the National School Lunch Act in order to provide that the number of meals served to schoolchildren in a State participating in the school lunch program shall be considered a factor in determining the apportionment of funds under such act; to Agriculture Committee. Remarks of author. p. 12384
24. BANKING. S. 3702, by Sen. Robertson, to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U. S. obligations directly from the Treasury; to Banking and Currency Committee.
25. FOREST PRODUCTS. S. J. Res. 209, by Sen. McClellan, providing for the establishment of an annual National Forest Products Week; to Judiciary Committee.  
Remarks of author. pp. 12384-5

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COMMITTEE HEARINGS ANNOUNCEMENTS:

June 21: Free importation of Philippine tobacco, H. Ways and Means (exec)  
(Birkhead, FAS, to be available to answer questions).  
Education of children of migratory workers, H. Education and Labor (exec).  
Extension of veterans loan program, H. Rules.

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# House of Representatives

## Chamber Action

**Bills Introduced:** Nine public bills, H.R. 12727-12734 and 12740; five private bills, H.R. 12735-12739; and four resolutions, H.J. Res. 765 and 766, and H. Res. 565 and 566, were introduced. Pages 12377, 12381, 12382

**Bills Reported:** Reports were filed as follows:

H.J. Res. 765, making a supplemental appropriation for the Department of Labor for fiscal year ending June 30, 1960, filed on June 20 (H. Rept. 1919);

H.R. 7810, relative to crediting for leave purposes of certain internment periods of employees of Japanese ancestry in World War II, amended (H. Rept. 1920);

S. 1849, relating to operation route of postal powerboat service in Alaska (H. Rept. 1921);

S. 3545, to permit the lease or sale of Alaska University lands by sealed competitive bids (H. Rept. 1922);

H.R. 12740, making supplemental appropriations for fiscal year ending June 30, 1961 (H. Rept. 1923); and

H.R. 12603, to extend and amend laws relating to the preservation and improvement of housing and the renewal of urban communities (H. Rept. 1924).

Pages 12381-12382

**Watershed Projects:** Read a communication from the chairman of the Committee on Agriculture notifying the Speaker of approval of several watershed projects. The communication was referred to the Committee on Appropriations. Page 12376

**Legislative Program:** Pursuant to a unanimous consent request the calling of the Consent Calendar and the consideration of bills under suspension of the rules was made in order on Tuesday and Friday next. Pages 12375-12376

**Subpena:** Adopted H. Res. 565, relating to compliance of Representative Roosevelt to subpoena of U.S. District Court for the District of Columbia. Page 12377

**Defense Department Appropriations:** Disagreed to Senate amendments to H.R. 11998, making appropriations for the Department of Defense for fiscal year 1961; agreed to a conference requested by the Senate; and appointed as conferees Representatives Mahon, Shepherd, Cannon, Ford, and Taber. Page 12377

**Condolence Resolution:** Adopted H. Res. 566, providing for expressions of sorrow and condolence on the death of Representative Douglas H. Elliott, of the 18th Congressional District of Pennsylvania. After numerous Members had spoken on the life, character, and public service of the late Congressman the Speaker appointed Representatives Walter, Fenton, Morgan, Van Zandt, Dague, Saylor, Mumma, Curtin, Quigley, Milliken, and Schneebeli to the funeral committee on the part of the House. Pages 12378-12381

**Bills Referred:** 29 Senate-passed bills were referred to appropriate committees. Pages 12377-12378

**Program for Tuesday:** Adjourned at 12:53 p.m. until Tuesday, June 21, at 12 o'clock noon, when the House will call the Private Calendar and consider H.R. 12261, Farm Surplus Commodities Reduction Act of 1960 (2 hours of debate), and H.R. 8860, to stabilize the mining of lead and zinc by small producers on public, Indian, and other lands (2 hours of debate). Also may call the Consent Calendar and act on several bills under suspension of the rules.

## Committee Meetings

### MILK AND BUTTERFAT

*Committee on Agriculture:* The Subcommittee on Dairy and Poultry in executive session ordered H.R. 12238, to amend the Agricultural Act of 1949 with respect to the level of price support for milk for manufacturing purposes and for butterfat, reported favorably to the full committee with an amendment that would substitute the text of S. 2917, a similar bill.

### GREAT WHITE FLEET

*Committee on Armed Services:* The Special Subcommittee on the Great White Fleet met in executive session and heard Dr. William Walsh and Stephan Alexander, president and executive vice president, respectively, of Project Hope, discuss the project.

### MILITARY COMBAT VEHICLES

*Committee on Armed Services:* In executive session the special committee heard Army representatives' explanation and reply to Comptroller General's criticism of procurement practices in connection with certain combat and tactical vehicles. The subcommittee will continue on this subject in executive session on Tuesday at 10 a.m.

### LATIN AMERICA

*Committee on Foreign Affairs:* Assistant Secretary of State Roy R. Rubottom, Jr., appeared before the Subcommittee on Inter-American Affairs and discussed the Communist threat in Latin America.

### AFRICA

*Committee on Foreign Affairs:* The Subcommittee on Africa met in an informal executive session with Hon. Jaja Anucha Wachuku, Speaker of the Nigerian House of Assembly.

### MINES AND MINING

*Committee on Interior and Insular Affairs:* Subcommittee on Mines and Mining ordered H.R. 11200, to authorize sale of U.S. reserved mineral interests in lands



located in Florida to the record owners of the surface thereof, reported favorably with an amendment to the full committee. Representative Haley, the author of the bill, was heard.

The subcommittee also considered but did not act on the following bills: H.R. 5021, 5023, 5668, and 12390, relative to incentive payments to domestic producers of beryl, chromite, and columbium-tantalum. Representatives Sisk and Ullman, authors of H.R. 5021 and 5023, respectively, were heard in behalf of their bills. Interior Department representatives were heard on each bill.

#### AUTO DISTRIBUTION

*Committee on Interstate and Foreign Commerce:* Subcommittee on Commerce and Finance heard Chairman

Earl W. Kintner of the Federal Trade Commission, and representatives of the National Automobile Dealers Association and National Independent Automobile Dealers Association on H.R. 10201, relative to the distribution of automobiles in interstate commerce. The subcommittee continues hearings on the same subject on Tuesday at 10 a.m.

#### GOVERNMENT RETIREES' HEALTH

*Committee on Post Office and Civil Service:* The Subcommittee on S. 2575, to provide a health benefits program for certain retired Government employees, today ordered the bill reported favorably to the full committee with an amendment to substitute the text of H.R. 12495, a similar bill, with technical amendments.

#### COMMITTEE MEETINGS FOR TUESDAY, JUNE 21

(All meetings are open unless otherwise designated)

##### Senate

*Committee on Appropriations,* subcommittee on H.R. 11666, State, Justice, and the Judiciary appropriations, 10 a.m. to hear Secretary of State Herter, and 2 p.m., 1202 New Senate Office Building.

Subcommittee, executive, to mark up H.R. 12231, military construction appropriations, 10 a.m., room F-82, Capitol.

*Committee on Armed Services,* on H.R. 5132, active duty agreements for Reserve officers, 10 a.m., 212 Old Senate Office Building.

*Committee on the District of Columbia,* executive, on committee business, 10 a.m., 6228 New Senate Office Building.

*Committee on Foreign Relations,* open and executive, on H.R. 12263, construction of Anistad Dam on the Rio Grande; Convention of Paris for the Protection of Industrial Property (Ex. D, 86th Cong., 2d sess.), and H.J. Res. 627, relating to the same subject; treaties of friendship with Pakistan and France; and draft of report on recent hearings on the summit conference and events incident thereto, 10 a.m., room F-53, Capitol.

*Committee on Interior and Insular Affairs,* executive, on committee business, 10 a.m., 3110 New Senate Office Building.

*Committee on Interstate and Foreign Commerce,* Merchant Marine and Fisheries Subcommittee, on the decline of coastal and intercoastal shipping, 10 a.m., 5110 New Senate Office Building.

*Committee on the Judiciary,* special subcommittee, on S. 3548, to amend the Norris-LaGuardia Act, 10 a.m., 2228 New Senate Office Building.

*Committee on Labor and Public Welfare,* executive, on S. 1046, proposing amendments to the Fair Labor Standards Act, 9 a.m., 4232 New Senate Office Building.

Subcommittee on Education, on bills providing Federal assistance for higher education, 2 p.m., 4232 New Senate Office Building.

##### House

*Committee on Armed Services,* Special Subcommittee, executive, on combat and tactical vehicles of the Army, 10 a.m., 304 Old House Office Building.

*Committee on District of Columbia,* Subcommittee No. 3, on H.R. 12004, and S. 1870, to provide for examination, licens-

ing, registration, and for regulation of professional and practical nurses, and for nursing education in the District of Columbia, 10 a.m., 445 Old House Office Building.

*Committee on Education and Labor,* Subcommittee on Safety and Compensation, on mine safety, 9:30 a.m., 429 Old House Office Building.

Subcommittee on General Education, executive, on education of the children of migratory workers, 10 a.m., 429 Old House Office Building.

*Committee on Foreign Affairs,* executive, on pending bills, 10:30 a.m., G-3 U.S. Capitol Building.

*Committee on Government Operations,* Special Subcommittee on Home Loan Bank Board, on matters regarding the Home Loan Bank Board, 10 a.m., George Washington Inn.

Subcommittee on Executive and Legislative Reorganization, on H.R. 12092, to amend the Government Corporation Control Act, 10 a.m., 1501-B New House Office Building.

*Committee on Interior and Insular Affairs,* Subcommittee on Public Lands, on H.R. 9050, 9051, 9055, 9056, 9057, and 9095, all of which provide for the establishment of Cape Cod National Seashore Park, 9:45 a.m., 1324 New House Office Building.

*Committee on Interstate and Foreign Commerce,* executive, on pending bills, 11 a.m., 1334 New House Office Building.

Subcommittee on Commerce and Finance, on H.R. 10201, relative to the distribution of automobiles in interstate commerce, 10 a.m., 1334 New House Office Building.

*Committee on the Judiciary,* Subcommittee No. 3, executive, on pending legislation, 10 a.m., 353 Old House Office Building.

Subcommittee No. 2, on private bills, 10 a.m., 327 Old House Office Building.

*Committee on Merchant Marine and Fisheries,* Subcommittee on Merchant Marine, on H.R. 10470, to authorize the Maritime Administration to make advances on Government-insured ship mortgages, 10 a.m., 219 Old House Office Building.

*Committee on Post Office and Civil Service,* executive, on pending legislation, 10 a.m., 215 Old House Office Building.

*Committee on Rules,* to consider the granting of a rule on H.R. 7903, to extend the veterans' direct loan program; H.R. 12383, Federal Employees Compensation Act benefits; H.R. 12417, U.S. Military and Air Force Academies, number of cadets; H.R. 12572, to revise the Armed Services Procurement Act; and S. 19, Portsmouth Naval Shipyard wage rates, 10:30 a.m., G-12 U.S. Capitol Building.









June 28, 1960

13. NOMINATIONS. Received the nomination of Carl J. Stephens to be General Counsel of this Department. p. 13696
14. LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 7004, to permit consistent practices in the management of all Bureau of Land Management lands so far as investigations, cooperative agreements, and acceptance of contributions are concerned (S. Rept. 1755). p. 13596  
Passed as reported S. 2757, to permit States to acquire certain public lands for recreational use for which the States applied in 1959 but were not granted. p. 13608  
Passed without amendment S. 2806, to revise the boundaries of the Coronado National Memorial and to authorize the repair and maintenance of an access road to the Memorial. p. 13612  
Passed as reported S. 3212, to direct the Secretary of the Interior to convey certain public lands in Nevada to the county of Mineral. pp. 13630-2  
Passed with amendment S. 2959, to clarify the right of States to select certain public lands subject to any outstanding mineral lease or permit. p. 13638
15. PERSONNEL. The Government Operations Committee reported with amendment S. Res. 338, relating to the tenure of office of individuals appointed to Government administrative and policymaking posts (S. Rept. 1753). p. 13596
16. VETERANS' BENEFITS. Passed as reported H. R. 5040, to amend and clarify the reemployment provisions of the Universal Military Training and Service Act. pp. 13619-20
17. HAWAII. Passed as reported H. R. 11602, to amend certain laws of the U. S. in light of the admission of Hawaii into the Union. p. 13622
18. PROPERTY. Passed without amendment H. R. 11522, to permit certain real property of the U. S. to be conveyed to States, municipalities, and other political subdivisions for highway purposes. This bill will now be sent to the President. p. 13628
19. TRADEMARKS. Passed as reported S. 2429, to modify the laws relating to the registration and protection of trademarks used in commerce and to carry out provisions of international conventions. pp. 13622-5
20. PUBLIC WORKS. Passed without amendment S. J. Res. 202, providing for the designation of the week commencing Oct. 2, 1960, as National Public Works Week. p. 13625
21. AIR POLLUTION. Passed with amendments S. 3108, to extend the Federal air pollution control law and to provide for public hearings on air pollution problems. pp. 13628-30
22. RECREATION FACILITIES. Passed as reported S. 3260, to authorize the Secretary of the Army to modify certain leases entered into for the provisions of recreational facilities in reservoir areas. p. 13630
23. FORESTRY. Passed without amendment S. J. Res. 209, to provide for the designation of the week beginning on the third Sunday of Oct. each year as National Forest Products Week. p. 13632



24. FRUITS. Sen. Holland inserted and commended a press dispatch stating that the Florida Citrus Commission has a \$7 million budget for use in governing and promoting the State's citrus industry. p. 13634
25. RYUKYU ISLANDS. Passed as reported H. R. 1157, to provide for the promotion of the economic and social development in the Ryukyu Islands. pp. 13637-8
26. BANKING; U. S. OBLIGATIONS. Passed without amendment H. R. 12346, to extend for 2 years the authority of the Federal Reserve banks to purchase U. S. obligations directly from the Treasury. This bill will now be sent to the President. A similar bill, S. 3702, was indefinitely postponed. pp. 13638-9
27. DEBT LIMIT; TAXATION. By a vote of 61 to 32, agreed to the conference report on H. R. 12381, to extend for 1 year the public debt limit and to extend for 1 year certain corporate normal-tax rate and excise-tax rates. This bill will now be sent to the President. pp. 13639-49
28. PASSED OVER the following bills:
- ~~H. R. 4612, to provide for the centennial celebration of the establishment of the land-grant colleges, State universities, and this Department. p. 13605~~
  - ~~H. R. 5140, to amend the Reorganization Act of 1949 so that the act will apply to reorganization plans transmitted to Congress at any time before June 1, 1961. p. 13605~~
  - ~~S. 1711, the food-for-peace bill. p. 13605~~
  - ~~S. 2522, to provide for the enrichment and sanitary packaging of certain donated foods, and provide for a food stamp allotment program. p. 13605~~
  - ~~S. 883, jurisdiction of U. S. Court of Claims to hear and render judgments on claims for overtime work for employees. p. 13605~~
  - ~~S. 1787, regulation of misbranding, etc., of certain hardwood products. p. 13605~~
  - ~~S. 1638, to modify the Federal personnel administration system. p. 13605~~
  - ~~S. 2917, to increase milk and butterfat price supports. p. 13605~~
  - ~~S. 3275, to extend World War II guaranteed loan programs. p. 13609~~
  - ~~H. R. 7758, to improve the administration of Federal overseas activities. p. 13609~~
  - ~~S. 3228, regulation of common carriers by motor vehicles within a State. p. 13609~~
  - ~~S. 2587, to require an act of Congress for public land withdrawals by Federal agencies in excess of 5,000 acres. pp. 13618-9~~
  - ~~H. R. 5068, to provide for licensing independent foreign freight forwarders. p. 13622~~
  - ~~H. R. 5196, to increase maximum rates of per diem for Federal employees. p. 13628~~
29. TEXTILES. Sen. Talmadge criticized the U. S. Tariff Commission for refusing "to invoke the safeguards of section 22 of the Agricultural Adjustment Act to protect the American textile industry" and stated "the Commission majority embraced the policy of the Department of State and the Eisenhower Administration that the American textile industry is expendable in the international game of attempting to buy allies." He also inserted the minority report of the Commission members and was joined by several other Senators in his criticism. pp. 13657-61
30. MARKETING. Concurred in House amendments to S. 1283, to regulate the interstate distribution and sale of packages of hazardous substances intended or suitable for household use (pp. 13661-2). This bill will now be sent to the President.



LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. McCLELLAN, Mr. McGEE, Mr. McNAMARA, Mr. MORTON, Mr. MUNDT, Mr. MUSKIE, Mr. PASTORE, Mr. PROUTY, Mr. RANDOLPH, Mr. SALTONSTALL, Mr. SCHOEPPFEL, Mr. SCOTT, Mr. SMATHERS, Mr. SYMINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. WILLIAMS of New Jersey, and Mr. YOUNG of North Dakota entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

If there is no further morning business, morning business is closed.

#### CALL OF THE CALENDAR

Mr. BARTLETT. Mr. President, I ask that the Senate proceed to the call of the calendar.

The PRESIDING OFFICER. Under the order previously entered, the Senate will proceed with the call of the calendar. The clerk will state the first measure on the calendar.

#### BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 1075) to provide for the reimbursement of Meadow School District No. 29, Upham, N. Dak., for loss of revenue resulting from the acquisition of certain lands within such school district by the Department of the Interior, was announced as first in order.

Mr. BARTLETT. Mr. President, I ask that all bills and resolutions beginning with Calendar No. 95 through Calendar No. 331, inclusive, be passed over.

The PRESIDING OFFICER. The bills and resolutions will be passed over.

The bills and resolutions passed over are as follows:

S. 1075, to provide for the reimbursement of Meadow School District No. 29, Upham, N. Dak., for loss of revenue resulting from the acquisition of certain lands within such school district by the Department of the Interior.

S. 1474, to make permanent the provision of the Reorganization Act of 1949.

S.J. Res. 69, proposing an amendment to the Constitution of the United States relative to the equal rights for men and women.

H.R. 4012, to provide for the centennial celebration of the establishment of the land-grant colleges and State universities and the establishment of the Department of Agriculture, and for related purposes.

H.R. 5140, to further amend the Reorganization Act of 1949, as amended, so that such act will apply to the reorganization plans transmitted to the Congress at any time before June 1, 1961.

The resolution (S. Res. 131) referring S. 882, a bill for the relief of the heirs of J. B. White, to the Court of Claims, was announced as next in order.

Mr. PROUTY. Over, Mr. President, by request.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1851) for the establishment of a commission on a Department of Science and Technology, was announced as next in order.

Mr. PROUTY. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

Mr. BARTLETT. Mr. President, I ask that all bills and resolutions beginning with Calendar No. 447 through Calendar No. 1669, inclusive, be passed over.

The PRESIDING OFFICER. The bills and resolutions will be passed over.

The bills and resolutions passed over are as follows:

S. 1789, to amend section 1(14) (a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes.

S. 2308, to validate certain extended oil and gas leases.

S. 1711, to promote the foreign policy of the United States by the more effective use of U.S. agricultural commodities for the relief of human beings and for promoting economic and social development in less developed countries.

S. 2522, to provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food stamp allotment programs.

S. 1734, to amend section 409(c) of the Communications Act of 1934 with respect to presentations in any case of adjudication which has been designated for a hearing by the Federal Communications Commission.

S. 2086, to provide for the establishment of a National Wildlife Disease Laboratory.

S. 883, to confer jurisdiction upon the U.S. Court of Claims to hear, determine, and render judgment upon claims of customs officers and employees to extra compensation for Sunday, holiday, and overtime services performed after August 31, 1931, and not heretofore paid in accordance with existing law.

S. 2402, to clarify the authority of the Postmaster General to provide for the expeditious, efficient, and economical transportation of mail, and for other purposes.

S. 7673, to provide for the appointment of additional circuit and district judges, and for other purposes.

S. 2850, to provide for the appointment of 1 circuit judge for the 7th judicial circuit.

S. 511, for the relief of the estate of Eileen G. Foster.

S. 3560, to amend sec. 1362 of title 18 of the United States Code so as to further protect the internal security of the United States by providing penalties for malicious damages to certain communication facilities.

S. 1787, to protect consumers and others against misbranding, false advertising, and false invoicing of decorative hardwood or imitation hardwood products.

H.R. 7895, for the relief of Gloria Anne Loveday.

S. 2893, to permit weekly publications to suspend publication for not more than 2 issues in any 1 calendar year without loss of 2d-class mail privilege.

S. 1868, to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia.

H.R. 4601, to amend the act of Sept. 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the United States, to clarify the application and operation of such act, and for other purposes.

S. 1638, to provide for an effective system of personnel administration for the executive branch of the Government.

S. 1425, to amend the Interstate Commerce Act so as to provide for the protection of railroad employees by regulating the use of track motor cars and for other purposes.

H.R. 10596, to change the method of payment of Federal aid to State or territorial homes for the support of disabled soldiers, sailors, airmen, and marines of the United States.

S. 3672, to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

S. 2917, to establish a price support level for milk and butterfat.

S. 3292, to provide for the establishment of a Department of Housing and Metropolitan Affairs, and for other purposes.

The bill (S. 3421) to amend the Federal Employees' Group Life Insurance Act was announced as next in order.

Mr. BARTLETT. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

Mr. JOHNSTON of South Carolina. Mr. President, I think Calendar No. 1671, S. 3421, is an important bill. I do not see why any Senator would object to the bill.

Mr. JOHNSON of Texas. Mr. President, the bill has been cleared by the policy committee. We will make a motion that the bill be considered.

Mr. JOHNSTON of South Carolina. If there has been an objection it must be because the bill is not understood. I shall be happy to explain it fully at the proper time.

#### FORT HALL INDIAN IRRIGATION PROJECT

The bill (S. 3650) to supplement and amend the act of June 30, 1948, relating to the Fort Hall Indian irrigation project, and to approve an order of the Secretary of the Interior issued under the act of June 22, 1936, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the order of the Secretary of the Interior dated May 12, 1960, which provides for the elimination from the Fort Hall Indian irrigation project of four hundred sixty-eight and twenty one-hundredths acres and one hundred twenty-nine and thirty-seven one-hundredths acres of land, and which provides for the cancellation of penalty charges against the eliminated land, which order was made pursuant to the Act of June 22, 1936 (49 Stat. 1803), is hereby approved, and the lands where eliminated shall not thereafter be entitled to water from the project.*

Sec. 2. Section 4 of the Act of June 30, 1948 (62 Stat. 1167), is hereby amended to read as follows:

"Sec. 4. The net irrigable area of the Fort Hall Indian irrigation project is hereby established at forty-seven thousand sixty-four and sixty-three one-hundredths acres, more or less, and the Secretary of the Interior is authorized to redesignate the project within the limit of the acreage authorized by this Act. The noninclusion of the Fort Hall townsite within the net irrigable area of the project shall not prevent the obtaining of water rights therefor in accordance with the Act of March 1, 1907 (34 Stat. 1015, 1025), as amended or supplemented."

Sec. 3. Section 2 of the Act of June 30, 1948 (62 Stat. 1167), is amended to read as follows:

"Sec. 2. The duty of water on the Fort Hall Indian irrigation project until modified by the Secretary of the Interior shall be three and five-tenths acre-feet per acre per annum if available, and available excess water may be furnished for use on project lands on terms, conditions, and rates prescribed by the Secretary."



## BILLS PASSED OVER

The bill (S. 1342) to create a Federal Limited Profit Mortgage Corporation to assist in the provision of housing for moderate-income families and for elderly persons was announced as next in order.

Mr. KEATING. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals was announced as next in order.

Mr. KEATING. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 9662) to make technical revisions in the income tax provisions of the Internal Revenue Code of 1954 relating to estates, trusts, partners, and partnerships, and for other purposes, was announced as next in order.

Mr. PROUTY. Over, Mr. President, by request.

The PRESIDING OFFICER. The bill will be passed over.

## CHANGE OF RESTRICTIONS ON CERTAIN REAL PROPERTY CONVEYED TO THE CITY OF ST. AUGUSTINE, FLA.

The Senate proceeded to consider the bill (H.R. 5055) to change certain restrictions on the use of certain real property heretofore conveyed to the city of St. Augustine, Fla., by the United States, which had been reported from the Committee on Interstate and Foreign Commerce, with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Treasury shall amend, by appropriate written instrument to the City of Saint Augustine, Florida, the restriction on use with respect to the land conveyed to such city under the provisions of the Act of August 27, 1935 (49 Stat. 896), in order that such land may also be used for educational purposes.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend the restriction on the use of certain real property heretofore conveyed to the city of St. Augustine, Fla., by the United States."

## BILLS PASSED OVER

The bill (S. 3483) to make the anti-trust laws and the Federal Trade Commission Act applicable to the organized team sport of baseball and to limit the applicability of such laws so as to exempt certain aspects of the organized professional team sports of baseball, football, basketball, and hockey, and for other purposes, was announced as next in order.

Mr. PROUTY. Mr. President, over by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 3313) to amend section 200 of the Soldiers and Sailors Civil Relief Act of 1940 to permit the establishment of certain facts by a declaration under penalty of perjury in lieu of an affidavit was announced as next in order.

Mr. BARTLETT. Mr. President, over by request.

The PRESIDING OFFICER. The bill will be passed over.

## VALIDATION OF CERTAIN MINING CLAIMS IN CALIFORNIA

The Senate proceeded to consider the bill (H.R. 9201) to validate certain mining claims in California.

Mr. YOUNG of Ohio. Mr. President, I desire to speak on this bill for a few minutes.

The PRESIDING OFFICER. The Senator is limited to 5 minutes.

Mr. YOUNG of Ohio. Mr. President, may I express the hope that the Senate will remain steadfast in the position we recently took by record votes to end the supposedly temporary excise tax on local telephone service, and other essential services, and the action we took in repealing the 4-percent tax credit on dividend income.

The 10-percent tax on local telephone service, on telegrams, on train, bus, and airplane fares is an obnoxious tax. This tax has supposedly been temporary since 1951.

Furthermore, it is well remembered that a year ago, we in the Congress gave the executive officials of the Government a full year to provide for any additional revenue if they considered it needed to replace the loss in revenue of these atrocious sales or excise taxes which we expressed our determination to end.

Now, at the last moment, on the excuse that because of the inept handling of the U-2 incident and the failure of the summit conference which never convened, and the resultant withdrawal of invitations to our President to visit as a guest the Soviet Union and Japan, it is stated that by reason of present grim international tension this is no time to reduce revenue, and these so-called temporary taxes must again be extended.

I assert we should not vote to continue these nuisance taxes. They are regressive. They violate every principle of just taxation that taxes should be levied according to ability to pay. Excise taxes on telephone service and on travel by planes, railroads or bus lines are additional restrictions on small business. They are burdensome taxes on individuals, in fact, frequently they tax most those who have the least.

It appears to me entirely proper that taxes should be imposed upon liquor, perfumes, and cigarettes, for example. These could hardly be considered necessities.

A Federal tax upon automobile parts and automobiles, particularly on automobiles selling at \$2,500 or under, could hardly be considered taxing luxuries. Even the most modest businessman requires an automobile. Workingmen require automobiles.

As Philip W. Porter, associate editor and noted columnist of the Cleveland

Plain Dealer, a great newspaper in my State, so aptly writes, "You might as well tax bread, milk, and meat as to impose such taxes."

I read and embody as a part of my remarks a part of his column which was published in the Cleveland Plain Dealer which came to my attention today.

He wrote:

I'm conscious of the need for revenue, and certainly conscious of the income tax bite the Government puts on us all, but I don't get the theory of taxing phones and transportation. Are they supposed to be a luxury? How long could you go without a phone in our present complex society? And why keep a 10-percent tax on railroads which have had passenger trouble for years, and plane lines, which are now hurting and getting ready to raise rates? The only reason I can figure is that it's easy for the Government to collect.

He added:

There's a growing taxpayers' revolt underway already, and Congressmen would do well to take it into account. Item by item, these phone, travel, and auto taxes are small, but the irritation they produce is large. A backfire is already taking place in another spot where the taxpayer has some voice—in extra levies for schools and municipal service. An unusually large number of these have been voted down, and more will be. The weary taxpayer can fight back on the local level. But on the national level he's hooked. All he can do is take it out on Congressmen, which isn't so easy.

The same old bunk is dished out every time one of these long-standing temporary taxes comes up for repeal. The money is needed for defense. You can't cut now—not even a little bit. Well, defense is not the entire budget and in a big spending Government like ours, \$750 million could easily be saved. That's about what the phone and travel taxes bring in.

Mr. Porter, who has rendered notable service in peace as well as in war, having served in the Armed Forces in World War II, concludes his column with this wise and apropos statement:

A government will always find a way to spend every cent that's voted. If your Congressman is running for reelection this year—and he usually is—don't worry whether he is a Republican or Democrat, or where he stands on foreign aid or Federal aid to education or the tariff. Just ask, "Did you vote to keep the nuisance taxes?" And if he says yes, the second question is, "Why? How long does an emergency last?"

The answer is already known. It lasts forever.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 9201) was ordered to a third reading, read the third time, and passed.

## BILL PASSED OVER

The bill (S. 2709) directing the Secretary of the Interior to convey to the city of Flandreau, S. Dak., any interest remaining in the United States to certain property which it conveyed to such city by the act of August 21, 1916, was announced as next in order.

Mr. BARTLETT. Mr. President, over by request.

The PRESIDING OFFICER. The bill will be passed over.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued August 22, 1960

For actions of August 19 & 20, 1960  
86th-2nd, Nos. 137  
and 138

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HIGHLIGHTS: Senate passed bill to increase price support level for milk and butterfat. Senate committee reported mutual security appropriation bill.

## SENATE - August 19

1. MILK PRICE SUPPORTS. Passed as reported S. 2917, to increase the price-support level for manufacturing milk and butterfat for the remainder of the current marketing year, from the date of enactment of the bill until Mar. 31, 1961, to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat. pp. 15594-601
2. FOREIGN AID; APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 12619, the mutual security appropriation bill, 1961 (S. Report No. 1849) (p. 15555). The "Daily Digest" states that as reported "the bill would provide a total of \$3,989,054,000, an increase of \$399,304,000 over the House-passed figure of \$3,589,750,000. The Budget estimates on this bill called for \$4,281,704,000." (p. D694).  
By a vote of 59 to 14, passed without amendment S. 3855, to increase the authorization for appropriations for the President's mutual security contingency fund for fiscal year 1961 by \$100 million, or from \$150 million to \$250 million. pp. 15601-2, 15615-6, 15672  
By a vote of 54 to 19, passed without amendment S. 3861, to authorize appropriation of \$600 million for economic aid for Latin America. pp. 15611-5, 15657-72
3. PUBLIC LANDS; MINERALS. By a vote of 59 to 28, passed without amendment H. R. 3860, to provide that the Interior Department shall make payments to small lead and zinc producers at a rate which would provide them a return equivalent to that which they would receive if the market price for zinc were  $14\frac{1}{2}$  cents per

pound and lead 17 cents per pound. This bill will now be sent to the President. pp. 15582-94

4. FREIGHT FORWARDERS; TRANSPORTATION. Passed as reported H. R. 5068, to provide for licensing independent foreign freight forwarders. The bill defines and provides for the licensing of independent ocean freight forwarders, permits common carriers by water to compensate ocean freight forwarders when they are licensed and perform any two of six enumerated services, and provides that common carriers by water may compensate independent ocean freight forwarders for performance of certain services and specifies the terms of such compensation. pp. 15564-6
5. PERSONNEL. The Post Office and Civil Service Committee reported with an additional amendment H. R. 8289 (this bill was previously reported with amendment by the Committee on Apr. 27, 1960), to accelerate the commencing date of civil service retirement annuities to the day after an employee retires rather than the month after he retires (S. Rept. 1855). p. 15556
6. OLD-AGE ASSISTANCE. The Finance Committee reported with amendments H. R. 12580, to provide Federal grants to States for medical care for aged individuals of low income (S. Rept. 1856). p. 15556
7. FARM PROGRAM; LEGISLATIVE PROGRAM. Sen. Keating urged enactment of the 21 points in the legislative program of the President set forth in his special message on Aug. 8, stating with regard to farm program recommendations that the "policies of the Eisenhower administration were fully set forth in the special message on agriculture of Jan. 11, 1954, that is  $6\frac{1}{2}$  years ago," and had been repeated in numerous Presidential messages since that time. He inserted "full documentation of the times that the President has recommended his legislative program." pp. 15609-10, 15616-56
3. PASSED OVER the following bills. (pp. 15560-1, 15569, 15570)
  - S. 1474, to make permanent the provisions of the Reorganization Act of 1949.
  - H. R. 4012, to provide for the centennial celebration of the establishment of the land-grant colleges and State universities and the establishment of the Department of Agriculture.
  - H. R. 5140, to amend the Reorganization Act of 1949 so that the Act will apply to reorganization plans transmitted to Congress at any time before June 1, 1961.
  - S. 1851, to establish a Commission on a Dept. of Science and Technology.
  - S. 1789, to amend the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply.
  - S. 1711, the food-for-peace bill.
  - S. 2522, to provide for the enrichment and sanitary packaging of certain donated commodities and to establish experimental food-stamp allotment programs.
  - S. 2086, to provide for the establishment of a National Wildlife Disease Laboratory.
  - S. 1787, to protect consumers and others against misbranding, false advertising and false invoicing of decorative hardwood, or imitation hardwood products.
  - H. R. 4601, to amend the Act of Sept. 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the U. S.
  - S. 1638, to modify the Federal personnel administration system.
  - S. 3292, to provide for the establishment of a Dept. of Housing and Metropolitan Affairs.



The yeas and nays were ordered.  
The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ELLENDER. Mr. President, am I recorded?

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). The Senator is recorded.

Mr. ELLENDER. How am I recorded?

The PRESIDING OFFICER. In the affirmative.

If the Chair may be allowed to make a statement, it is the understanding of the Chair that there has been a power shortage, and because of that, there will be a delay.

Mr. MAGNUSON. Mr. President—

The PRESIDING OFFICER. The Senator from Washington.

Mr. MAGNUSON. May I inquire how I am recorded?

The PRESIDING OFFICER. The Senator may.

Mr. MAGNUSON. Am I recorded in the affirmative or the negative?

The PRESIDING OFFICER. The Senator is recorded as having voted in the affirmative.

Mr. LONG of Louisiana. Mr. President, am I recorded?

The PRESIDING OFFICER. The Senator is recorded.

Mr. LONG of Louisiana. How am I recorded?

The PRESIDING OFFICER. The Senator is recorded as having voted in the affirmative.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Is it in order, under the emergency circumstances, to ask for a 5-minute delay in the announcement of the vote?

The PRESIDING OFFICER. The Chair is informed that would not be in order, in spite of the unusual circumstances.

Mr. MORSE. I ask if the Senator from Oregon is recorded.

The PRESIDING OFFICER. The Senator from Oregon is recorded.

Mr. MORSE. Will the Presiding Officer mind advising me how I voted?

The PRESIDING OFFICER. The Senator is recorded as having voted in the affirmative.

Mr. SYMINGTON. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator from Missouri is recorded as having voted in the affirmative.

Mr. TALMADGE. Mr. President, am I recorded?

The PRESIDING OFFICER. The Senator is recorded.

Mr. TALMADGE. Will the Chair inform me how I am recorded?

The PRESIDING OFFICER. The Senator is recorded as having voted in the affirmative.

Mr. TALMADGE. I thank the Chair.

Mr. MOSS. Mr. President, may I inquire as to whether or not I am recorded on this rollcall?

The PRESIDING OFFICER. The Senator from Utah is recorded.

Mr. MOSS. Will the Chair inform me as to how I am recorded on this rollcall?

The PRESIDING OFFICER. The Senator is recorded as having voted in the affirmative.

Mr. FULBRIGHT. Mr. President, is it in order to address a parliamentary inquiry to the Chair?

The PRESIDING OFFICER. It would depend upon what the parliamentary inquiry is about.

Mr. FULBRIGHT. I should like to inquire of the Chair if there is any conceivable contingency which would permit a delay in the announcement of the vote?

The PRESIDING OFFICER. The Chair is informed that is not a proper parliamentary inquiry.

Mr. HOLLAND. Mr. President, would it be in order to ask unanimous consent that Senators who are late because of the power shortage be allowed to record their votes provided they are in the Senate Chamber in the next 10 minutes?

The PRESIDING OFFICER. The Chair is not in a position to entertain that request.

Mr. LAUSCHE. Mr. President, will the Chair allow me to ask the Senator from Florida to repeat the parliamentary inquiry?

Mr. HOLLAND. The question I addressed to the Presiding Officer was whether or not it was in order to ask unanimous consent that Senators who are delayed by reason of the power failure be allowed, within 10 minutes, to have their votes recorded.

Mr. JOHNSON of Texas. Mr. President, that cannot be done.

The PRESIDING OFFICER. The Chair has announced it is not in a position to grant that request, and that such a request would be out of order.

Mr. ROBERTSON entered the Chamber and voted in the negative.

Mr. KEATING. Mr. President, due to the noise, it was not possible for me to hear the response of the Chair to the parliamentary inquiry propounded by the distinguished Senator from Florida. Will the Chair kindly repeat his ruling in that regard?

The PRESIDING OFFICER. The Chair answered in the negative.

Mr. KEATING. I thank the Chair. The vote was recapitulated.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. JORDAN], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is absent because of illness.

The Senator from California [Mr. ENGLE] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from California would vote "yea," and the Senator from Vermont would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], the Senator

from Missouri [Mr. HENNINGS], the Senator from North Carolina [Mr. JORDAN], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kentucky [Mr. COOPER] are necessarily absent.

The Senator from Iowa [Mr. MARTIN] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. AIKEN] is detained on official business and is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Vermont would vote "nay," and the Senator from California would vote "yea."

The result was announced—yeas 59, nays 28, as follows:

[No. 301]

YEAS—59

Allott	Hart	Mansfield
Anderson	Hartke	Monroney
Bartlett	Hill	Morse
Bennett	Holland	Moss
Bible	Humphrey	Mundt
Burdick	Jackson	Murray
Byrd, W. Va.	Johnson, Tex.	Proxmire
Cannon	Johnston, S.C.	Randolph
Carlson	Kefauver	Schoeppel
Carroll	Kennedy	Smathers
Case, S. Dak.	Kerr	Sparkman
Church	Kuchel	Stennis
Dworshak	Long, Hawaii	Symington
Eastland	Long, La.	Talmadge
Ellender	Lusk	Wiley
Ervin	McCarthy	Williams, N.J.
Fong	McClellan	Yarborough
Fulbright	McGee	Young, N. Dak.
Gore	McNamara	Young, Ohio
Gruening	Magnuson	

NAYS—28

Bridges	Frear	Pastore
Bush	Goldwater	Prouty
Butler	Green	Robertson
Byrd, Va.	Hickenlooper	Saltonstall
Case, N.J.	Hruska	Scott
Clark	Javits	Smith
Cotton	Keating	Thurmond
Curtis	Lausche	Williams, Del.
Dirksen	Morton	
Douglas	Muskie	

NOT VOTING—13

Aiken	Dodd	Martin
Beall	Engle	O'Mahoney
Capehart	Hayden	Russell
Chavez	Hennings	
Cooper	Jordan	

So the bill (H.R. 8860) was passed.

Mr. KERR. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. HOLLAND. Mr. President, the Senator from Florida voted for the passage of the bill which has just been passed, but since he almost invariably votes against subsidies, and since he does not wish to have this vote regarded as a precedent in cases which he thinks are not like this one, the Senator from Florida wishes to state briefly exactly why he voted for the bill.

First, the Senator from Florida is one of those who has voted against the de-



pressed area bills in several sessions, always for the reason that, as presented, they covered much too great territory and, in the opinion of the Senator from Florida, reached into many places where there was no real distress and no real need for assistance. In this instance it seemed to the Senator from Florida that the bill is confined to the exact areas and industries which are in distress and which are entitled to some aid.

The second point, Mr. President, is that the Senator from Florida felt, under the showing in regard to the bill, there was no doubt that the bill was confined in its action to an industry of national importance from the standpoint of the strategic minerals which it produces, and that it is no answer to simply say we have in the stockpile enough lead and zinc to carry us through any particular emergency.

The Senator from Florida thought these mines should be kept open rather than be flooded and the machinery and mines lost.

In the third place, the Senator from Florida, after studying the bill, felt that it was carefully limited to actual small mining operations that have been open and producing in the last short period of time, and would not open the door to the production of new and uneconomical mining units.

In the last place, it is limited in the number of years in which the subsidy would operate, and it calls for relatively small expenditures.

The Senator from Florida thought this was a useful experiment in a field in which the Nation could well make an effort, and which appealed to the Senator from Florida, particularly in view of the fact that only this morning, he was asked as a member of the Senate Appropriations Committee, to pass upon a request, which was very generously acted upon by the Appropriations Committee, for us to send abroad about \$4 billion in foreign aid, which helps other nations, which, at least in many instances the Senator from Florida thinks can be helped to our own definite advantage.

The Senator from Florida has made this statement, not only because the vote that he has cast for a subsidy in this case differs from his normal procedure and his almost uniform procedure, but because in earlier discussions today he may have led some of his friends, including the Senator from Ohio [Mr. LAUSCHE], to conclude that his attitude was otherwise. The Senator from Florida has made a very careful study of this measure today, and wishes the RECORD to show the exact reasons why he has thus voted and why he does not regard this bill as a precedent for the support of subsidies generally.

I yield the floor.

Mr. LAUSCHE. Mr. President, I point out for purposes of the record that this year the Senate established two new forms of subsidy and expanded one other. It decided to subsidize the fishing industry because the fishing industry was unable to compete and was being outpriced. Today the Senate decided to subsidize the mineral mining industry

dealing with lead and zinc. About 2 months ago we increased the subsidy to the merchant marine. I predict that in the next session this parade will grow faster and larger. Today we declared by our vote that we are willing to pay a subsidy of \$5,000 per employee. It has not been disputed that the mining interests will receive \$200,000 per firm on the basis of the present difference between what the market price is and what the subsidy calls for. To hire one person we propose to pay a subsidy of \$5,000. I think it is shocking, and I think there will be some answering to do, if the story is told to the taxpayers of the Nation that the Congress of the United States today decided that for the purpose of keeping uneconomically unsound mines open it would authorize the payment of \$5,000 to hire one person. No one will dispute the figure. The figures have been established and are irrevocable. That is the story. From the Senate today comes the message that we are prepared to subsidize in the sum of \$5,000 per person. We are not taking our money. We are taking the taxpayers' money, and we are taking it under the pretense of helping the worker, when in fact we are intending to help only the men who own those mines.

#### PRICE SUPPORT LEVEL FOR MILK AND BUTTERFAT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1654, S. 2917.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2917) to establish a price support level for milk and butterfat.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2917) to establish a price support level for milk and butterfat, which had been reported from the Committee on Agriculture and Forestry, with an amendment to strike out all after the enacting clause and insert:

That subsection (c) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended, is further amended by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the period beginning with the enactment of this sentence and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the names of the senior Senator from Michigan [Mr. McNAMARA] and the junior Senator from North Dakota [Mr. BURDICK] be added as cosponsors to S. 2917.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, this is a bill which has enthusiastic and bipartisan support. Among its cosponsors are the ranking Republican member of

the Agriculture Committee the Senator from Vermont [Mr. AIKEN] as well as the senior Senator from North Dakota [Mr. YOUNG], the senior Senator from South Dakota [Mr. MUNDT], all of whom are Republican members of the Agricultural Committee, the junior Senator from Massachusetts [Mr. KENNEDY], the senior Senator from Minnesota [Mr. HUMPHREY], the junior Senator from Minnesota [Mr. MCCARTHY], the junior Senator from Missouri [Mr. SYMINGTON], the senior Senator from Oregon [Mr. MORSE], the junior Senator from Kansas [Mr. CARLSON], the senior Senator from Washington [Mr. MAGNUSON], the junior Senator from Washington [Mr. JACKSON], the junior Senator from Vermont [Mr. PROUTY], my senior colleague from Wisconsin [Mr. WILEY], and the senior Senator from Missouri [Mr. HENNINGSEN].

This is a very simple and moderate bill. The bill seeks to increase the floor of price supports for manufacturing milk from the present \$3.06 to \$3.22, and the floor under the price for supporting butterfat from 56.6 cents to 59.6 cents.

The proposed new floors would be effective only through the present marketing year, that is, until March 31, 1961. The principal effect of the bill would be simply to prevent dairy prices from going lower than the market. It would not mean an increase in the present income of dairy farmers as much as it would mean that dairy farmers would not suffer a further diminution in their income.

This is a moderate bill for a number of reasons. First, as I say, it would simply maintain the price which was the average price during the past marketing year.

In the second place, there would be very little, if any, Government cost. The testimony of representatives of the Department of Agriculture at the hearings on the bill indicated that the cost to the Government would be extremely slight. The fact is that we now have only a seasonal inventory of dried milk and of butter. There is no inventory at all of cheese. There is every prospect that within the next few months we shall have no inventory of dried milk or butter. In fact, we anticipate there will be no dairy products at all on the CCC inventory, so that we shall have a balance between supply and demand.

It is a moderate bill also because the savings which the farmers will enjoy will occur in the marketplace, and not result in any additional Government subsidy. It is a moderate bill, too, because \$3.22 works out to 6¼ cents a quart, which is what the farmer will receive as the national market average. He may get less than that, because that is the national market average.

It still maintains a sliding scale. Many people confuse the bill by thinking that we are moving up from 75 percent to 90 percent in price supports. We are doing nothing of the kind.

It represents a moderate increase in the price support, but we still keep the sliding scale. As a matter of fact, on our own calculations, the present price support is below the legal price support, which is 75 percent of parity. On the basis of the parity equivalent which was



maintained until 1954, we calculate the present \$3.06 as less than 70 percent of parity, and the correction will make it 73.5 percent of parity. Even accepting the Benson modernized parity equivalent of 76.8, we would lift it to 80.9. This is a moderate bill in that sense, too.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. CASE of South Dakota. Is it not correct that, in the dairy products field, at the present time there are no substantial surpluses on which we are either paying storage or required to have any great disposal program?

Mr. PROXMIRE. The Senator from South Dakota is eminently correct. That is true; there is no surplus whatever of cheese. There is about a 1-week surplus, in terms of the national consumption, so far as butter is concerned, and there is a small surplus of dried milk.

Mr. CASE of South Dakota. I am glad to have the Senator's assurance on that point. That was my impression. I wish to make it clear so that the situation will not be confused with some of the other commodities on which we do have substantial surpluses in storage, and in connection with which the people are properly concerned that we will have increased storage charges.

Mr. PROXMIRE. I thank the distinguished Senator from South Dakota. He makes an excellent point. The dairy industry is not asking for special consideration. We are asking merely for an opportunity to have the Government cooperate with the dairy industry so that the dairy farmers will not suffer a sharp drop in income during flush parts of the year. We know from past experience that these sharp fluctuations mean the cheese producer will widen the margin, and the farmer will get less, but the consumer will pay the same. It will mean a stable price throughout the year for the farmer, rather than a fluctuation at his own expense.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MONRONEY. I am very much interested in the program to provide an adequate return to the dairymen. I should like to ask whether the cheese and butter that may be acquired in this surplus program is used in supplying the school lunch program, which we have had for so many years and which has proved so useful in building up the health and bodies of our children of school age.

Mr. PROXMIRE. It is indeed. It is used for that purpose. It is also used for Public Law 480 purposes. It is used for many constructive and helpful purposes. It is used in the school milk program.

Mr. MONRONEY. Do I understand correctly that fluid milk, as well as by-products, is also available for use in the school lunch program?

Mr. PROXMIRE. Fluid milk is available in the school lunch program; yes.

Mr. MONRONEY. Therefore it would be an asset to the farmers, and it would also have a great deal to do with con-

tinuing a fine program, which has done so much for our country.

Mr. PROXMIRE. That is correct. There is an urgent need for this program in this field. The prices which the dairy farmer receives are down 25 percent from what they were 8 years ago. The costs have been rising relentlessly and steadily. The fact is that in my State of Wisconsin—and I believe this is true also in the State of the distinguished Senator from Minnesota [Mr. HUMPHREY]—the Department of Agriculture shows that on the average—and this is not the marginal farmer—the farmer receives, if we allow him a 4-percent return on his invested capital, 66 cents an hour for the labor he puts in on his farm. This is the result of the drop in the prices and the rise in cost during the past 8 years.

In conclusion, let me say that the proposal was enthusiastically supported by all dairy organizations. There has been no difference of opinion among the dairy groups on the bill. There was pro forma opposition by the Department of Agriculture, and there was opposition by the Farm Bureau Federation. However, the producer organizations overwhelmingly support the bill.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. SYMINGTON. I congratulate the Senator from Wisconsin for the able presentation he has made of the bill today. I am one of the cosponsors of the bill. I know of no Senator who is more sympathetic and understanding and constructive with respect to the problems of the dairy farmers of this country.

Mr. PROXMIRE. I thank the distinguished Senator from Missouri, who has been a real champion of all the farmers of America. In Wisconsin we look on him as a Senator who has been wonderful in the support of the dairy farmer, and we are very grateful for that support.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. I commend the Senator from Wisconsin. He has certainly been bulldogging this bill for several months. Thanks to his determination and obstinacy, he has brought the bill to the floor of the Senate. Great credit is due to him and his colleague who have worked on it so hard.

Mr. PROXMIRE. The majority whip and the majority leader of the Senate deserve great credit for bringing the bill before the Senate by motion. I deeply appreciate it, and the people of Wisconsin, I am sure, appreciate it also.

It is difficult, I know, with all the bills pending, and all the Senators who want their bills brought up by motion, to decide what bills to bring before the Senate. I am extremely grateful to the Senator from Montana, who is well known in my State and everywhere as a champion of the farmer.

Mr. SYMINGTON. Mr. President, the bill before the Senate is a modest measure, through which Congress can take positive steps to improve the income of the dairy farmers of our Nation.

Under the present administration, dairy price supports have been slashed

from 90 to 77 percent of parity. As a result, prices received by farmers for their milk have dropped almost 25 percent.

Under this bill, which I was privileged to cosponsor with my distinguished colleague from the great dairy State of Wisconsin, the price support for the remainder of this marketing year would be increased from \$3.06 to \$3.22—equal to 81.5 percent of parity.

Obviously this modest increase is not a complete solution to the problem facing our dairy farmers.

But, based on testimony before the Senate Agriculture Committee, it would increase dairy farmers' income by some \$179 million per year.

This is particularly significant at this time, with farm income near a 20-year low.

This bill is of vital importance to Missouri's dairy farmers and the dairy farmers of our country.

Such an increase could well be the difference between forced bankruptcies or many afflicted farm families being able to continue to live and work on their farms.

I hope the Senate will take prompt and favorable action on S. 2917, in the interest of the producers of the most perfectly balanced of all food products—milk.

Mr. PROXMIRE. I thank the Senator from Missouri, a cosponsor of the bill, and a real champion of the dairy farmer. It is a moderate bill. I had hoped that we could go much further. We hope to do so in the near future. In January, I hope we will begin to move ahead in the whole agricultural field. This is a moderate bill, and a conservative bill in every sense of the word. It will not cost the Federal Government money, or very little money, if any. It is a bill which permits the farmer to get what he can in the marketplace, with the cooperation of the Federal Government, so that the market will not fluctuate sharply and wipe out the opportunity for the dairy farmer to stay in business.

Mr. HUMPHREY. Mr. President, first I express my appreciation to the Senator from Wisconsin [Mr. PROXMIRE] for his leadership in this matter relating to S. 2917, to establish a price support level for milk and butterfat. I have been keenly interested in this type of legislation ever since my service in the Senate began.

In the 85th Congress, the Senate passed a bill similar to this. I regret that it did not receive favorable action by the other body. Due to a shortage of time in the session, we were unable to obtain the concurrence of the House. Nevertheless, that bill expressed the intent and will of the Senate. It was an expression of our sense of justice, or, at least, an expression of some consideration for dairy producers. Probably no segment of agriculture has been more unfairly treated during the past 8 years than the dairy farmers. We feel particularly that this is the case in the Midwest, where the dairy farmers are producers of milk for export. We have only to compare the prices which the dairy farmer was receiving for milk in 1952 with the prices received in 1958, 1959, and 1960 to see



that the dairy farmers in the Midwest are facing a crisis which is forcing many of them out of business.

The average price received by farmers in the Midwest area—and that includes Wisconsin, Minnesota, the Dakotas, and Iowa—for all milk marketed was slightly over \$4 per hundredweight. In 1959, Minnesota dairy farmers received, on the average, approximately \$3 per hundredweight for the same milk. Meantime their costs of operation had risen appreciably.

During the same period, the parity price for all milk sold by farmers—the price which represents the fair exchange value for 100 pounds of milk—rose from \$4.75 to \$5 per hundredweight. This simply means that in 1959 Minnesota dairy farmers were about \$1.25 per hundredweight worse off in their price for milk than they were in 1952.

The total realized net farm income in Minnesota in 1959, which is the last year of complete statistics, was 19 percent lower than that of 1952. In 1959, Minnesota farmers received almost \$98 million less income than they received in 1952.

In the period between 1952 and 1959, farm production expenses increased by 24 percent. One of the individual items which is a part of the total production expense is of particular concern. It is the interest on the farm mortgage debt, or the credit rate paid by farmers for their operations.

The interest on the mortgage debt, in Minnesota, was \$25,700,000 in 1959. This was due to the tight money policies which have pushed up the cost of credit. Indeed, all the administration farm policies have pushed farmers into debt in order to enlarge their operations, and to produce more and more farm commodities at lower and lower farm prices.

The point has been well made in this discussion concerning the price support program for milk that at present the inventory of milk products in the Commodity Credit Corporation is very limited. In fact, the inventory of milk in the possession of the Commodity Credit Corporation is below what is a safe reserve for this country's present needs, for its future needs, or for its oversea operations.

There is no single factor of our foreign policy which is more important than the availability of food and fiber for the economic and humanitarian needs of our friends overseas.

Speaking in more detail and with greater concern in this matter, it seems to me that the administration's policy on milk support prices has actually prevented the purposes of the food-for-peace program, recently embraced by the administration, from being accomplished. I trust, however, that at the coming meeting, when Mr. Paarlberg will be meeting with voluntary agencies in September—some 100 or more—the whole matter of the availability of dairy products for our food-for-peace program will be fully discussed.

Last year, because of the sale of powdered milk for commercial purposes in the United States, the Government of the United States was compelled to step into the world market and pay an extra

price for milk supplies in order to fulfill our oversea commitments. This was bad planning and bad programing. It does not result in the kind of efficient operations which the country is entitled to have.

Under title III of Public Law 480, America's abundance is distributed overseas, through nongovernmental agencies, as a gift—a gift from the American people to the hungry, the needy, and the unfortunate in other parts of the world. This is one of our greatest programs. Rather than to be limited, curtailed, or in any way jeopardized, the program ought to be expanded. There is nothing our country is doing today which makes a greater impact in the world than the use of our food overseas as an instrument of America's compassion, humanitarianism, and concern for our fellow human beings.

I point out that, for all the concentration on Africa—and I understand we are to have a measure before us shortly relating to aid for Africa—there has not been a single program, I believe, which has been more helpful to Africa than the use of American dairy products, particularly powdered milk, as a means of alleviating suffering, famine, and hunger. That program, at this very hour, is in jeopardy because of the restriction upon the production of dairy products through low prices, which are literally driving out of production thousands of dairy farmers who today could be saving country after country through a successful food-for-peace program in the dairy field.

In the past year, 61 million needy people, including more than 24 million children, in 92 different countries and territories, benefited from the title III program under Public Law 480. These donations are accomplished through the organization CARE, Catholic Relief Services, Church World Service, Lutheran World Relief, UNICEF, and many other similar institutions. These fine organizations work with people in the recipient countries to establish distribution programs. One of the most valued of the commodities distributed is dried milk.

I have seen this program in operation myself. If ever an American citizen wants an emotional experience concerning what America means to people in the less privileged areas of the world, let him go to where American dried milk is being dispensed by a voluntary agency to hungry people. It will be an experience to tear his heart. If he does not have tears in his eyes after that, he is hardhearted, indeed. Those people are so grateful for the assistance we extend that they literally throw themselves at our feet in gratitude—gratitude for what? For a little food of which we have, and should have, an abundance.

Milk is a product which is in universal demand. It is essential to a health-giving diet. When the agencies establish their feeding programs, they plan on definite quantities of dry milk after consultations with Department of Agriculture officials. Imagine, therefore, the surprise when, on October 13, last year, the Department of Agriculture informed these agencies that no further supplies of dry milk would be available.

There was no advance warning; no advance notice. The supplies were simply cut off. The Ambassadors of the United States to 92 countries protested. They said this was one of the most serious blows to American foreign policy which had ever taken place.

We are concerned about the U-2 spy plane incident. We are concerned about Cuba and Castro. Nevertheless, I submit that no single act brought such an outpouring of protests from American official representatives overseas as the cutting off of dairy supplies—dry milk—on October 13 of last year. In fact, the protest was so great that the Government of the United States was compelled to step into the free market—into the world market, if you please—and buy additional supplies.

I may add that they did not buy them from American producers—lest the price on the American market go up. They bought them on the foreign markets, rather than on our own market.

The Department did not resume donations from CCC stocks until April of this year.

If national food use goals were established, we would be able to plan far enough ahead to carry out true people-to-people and true food-for-peace programs.

Mr. President, this is what we need. Someday we shall reach the point where we shall establish a national food and fiber policy for this country. Then we will determine how much food and how much fiber we need for our own domestic purposes, and how much food and how much fiber we need for our foreign programs. Those amounts have never been ascertained. Instead, we have proceeded by guess and by accident; if we find we have a surplus on hand we decide to increase shipments; but if we find that we do not have a surplus on hand, we stop the shipments. I submit that one of the surest ways to make enemies is to help people on Monday, Tuesday, and Wednesday, but to refuse to help them on Thursday, Friday, and Saturday. That is what we have been doing with our hit-or-miss operations in connection with providing food supplies.

So I repeat that if we established national goals for all domestic and export needs, we would be able to plan ahead and carry out a true people-to-people program and a true food-for-peace program.

I believe it should also be noted that the school milk program in the United States may be in trouble unless increased supplies of milk are made available.

If this bill will only help increase the supplies a little bit, it will tend to be of benefit to the programs we have established by public law.

Finally, Mr. President, let me say that I have before me a table which shows the quantities of nonfat dry milk shipped for foreign relief through non-profit voluntary and intergovernmental organizations. The table shows that in the period between January and June 1959, 297,600,000 pounds were shipped, at a cost of \$51,300,000; in the period from July to December 1959, 159,500,000 pounds were shipped, at a cost of \$28,900,000; and this year, in the period be-



tween January and June, 91,800,000 pounds were shipped, at a cost of \$14,400,000.

Mr. President, I want the RECORD to show clearly that I submit that the shipment of dry powdered milk and other available food supplies to the countries of Africa and the countries of Latin America and the countries of Asia will do more good than can be done by all the economic and military assistance we have provided. However, now we find that cuts have been made in the very items we need to provide.

It is officially reported that in central Africa the milk supplies mean the difference between life and death for the children of those countries.

The dairy commodity inventory of the Commodity Credit Corporation as of August 17, 1960, shows that there is now no cheese in its inventory. But cheese is a good protein food, and is desperately needed. Yet there is no cheese in the inventory at this time. By driving farmers in my State out of business—and hundreds of our dairy farmers have had to liquidate their businesses—the price of milk in Minnesota has gone down \$1.25 a hundredweight in 7 years. Can any Senator name any other commodity that has dropped that much in price? Our people have been punished, at the very time when such products are desperately needed.

Mr. PROXMIRE. Mr. President, on this point will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from Minnesota yield to the Senator from Wisconsin?

Mr. HUMPHREY. I yield.

Mr. PROXMIRE. Is it not true that there were no inventories of cheese in either February, March, April, May, June, or July?

Mr. HUMPHREY. That is correct.

Mr. PROXMIRE. So this is not a 1-month condition; this condition has existed a long time.

Mr. HUMPHREY. That is right.

The Department will say that its pricing policies have stopped the production of cheese. In other words, insofar as cheese is concerned, by driving the farmers out of the production of milk—and today far fewer farmers are producing milk—a large amount of the production of cheese has been liquidated.

I wish to say that there is no food that our country can use in its domestic welfare programs and in its overseas programs that has better or more food value than cheese does. However, today the cheese program is null and void, over, out. So, Mr. President, today, countries that used to obtain our cheese as a donation or on sale under Public Law 480, are now looking for loans in hard currency, so as to be able to buy perishable products with which to feed their own people. I submit that is not good economics, particularly when this policy is driving American producers out of business.

Mr. President, in the dairy inventory as of August 17, we have 23 million pounds of butter available, and 67 mil-

lion pounds allocated to the school lunch program. We have 303 million pounds of dry milk at the present time. That represents a reasonable supply of dry milk for at least the next few months.

Let us remember that dry milk is not only available for oversea use, but also is made available commercially in the United States.

The list I hold in my hand also shows the purchases in the period from April to August 1960. I ask unanimous consent that the table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DAIRY INVENTORY AS OF AUGUST 17, 1960

Cheese: None.

Butter: 23 million pounds available, 67 million pounds allocated to school lunch.

Dry milk: 303 million pounds.

Purchases, April–August 1960

	Amount	Value
	Pounds	
Cheese.....	164,753	\$48,000,000
Butter.....	81,917,918	59,000
Nonfat.....	394,254,852	50,000,000

Mr. HUMPHREY. Finally, Mr. President, I point out that in Minnesota there are 43,225 dairy farms. However, almost two-thirds of all Minnesota farms produce and market milk. Therefore, milk production is of vital importance to our economy. Almost 21 percent—20.7 percent—of cash receipts from farm marketings in Minnesota come from dairy products.

Furthermore, as I have already indicated, the total realized net farm income in Minnesota in 1959 was 24 percent less than in 1958. Mr. President, when I travel throughout my State, as I have done this summer, and when I go from community to community, and find that the merchants tell me their sales are down 6 percent to 12 percent—as they are, also, through the Dakotas and Min-

nesota—in many of the smaller communities, there is no secret as to why that is so. When there is a 24-percent reduction of realized net farm income between 1958 and 1959, it is no wonder that sales are down.

So, as the Senator from Wisconsin has so frankly and, I think, so accurately stated, the pending bill represents a modest advance. It will not do what should be done, but it represents some modest advance.

The bill will not in any way jeopardize the Treasury or provide a glut of products. But the bill will at least provide a modicum of relief to a hard-pressed group of people. The bill will provide a little increase in the price of milk, in a market which today needs some help.

Mr. President, I am very privileged to have had this time to submit my views and to state why I have been glad to join in sponsoring the bill. Two years ago I was the main sponsor.

The Senators from Wisconsin and the Senators from Minnesota and many other Senators feel that the enactment of this proposed legislation is of vital importance to our economy, and represents at least a token step in connection with the commitment which both political parties have made to the American farmer. Both parties have promised action for the benefit of agriculture; and surely this bill can at least be interpreted as some fulfillment of a commitment which has been made in good faith, and we will keep that commitment in good faith.

Mr. President, I also ask unanimous consent to have printed at this point in the RECORD a table released by the Department of Agriculture. The table relates to activities carried on under Public Law 480. The title of the table is "Number of recipients of title III foreign donations under section 302 through participating agencies, fiscal year 1960."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE XX.—Number of recipients of title III foreign donations under sec. 302 through participating agencies, fiscal year 1960

(Thousand persons)

	Catholic Relief Services	CARE	Church World Service	UNICEF	Lutheran World Relief	All other agencies	Total
Schools.....	721	8,184	1,788	3,837	1,166	230	22,976
Institutions.....	3,845	1,843	810	48	148	501	7,195
Families.....	16,526	2,252	4,626	-----	504	550	24,458
Refugees.....	959	242	455	-----	332	546	2,534
Summer camps.....	87	931	31	-----	(1)	44	1,093
Maternal and child health centers.....	222	85	55	1,778	-----	7	2,147
Miscellaneous centers.....	291	33	62	272	12	139	809
Total recipients.....	29,651	13,570	7,327	5,985	2,162	2,017	61,212

<sup>1</sup> Less than 1,000.

Mr. HUMPHREY. Mr. President, I yield the floor.

Mr. KEATING obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from New York yield to me, so that I may make a unanimous-consent request?

Mr. KEATING. Yes; provided I do not lose the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the further time for the consideration of the pending bill be limited to 20 minutes, or 10 minutes to a side, and that at the conclusion of that time the vote be taken on the question of final passage.

The PRESIDING OFFICER. Is there objection?

Mr. KEATING. Reserving the right to object, Mr. President—although I shall not object—I ask the Senator from



Montana to include in his request a provision that during that time I shall not lose the floor.

Mr. MANSFIELD. Yes, indeed.

Mr. DIRKSEN. And that the Senator from New York can be privileged to yield to other Senators for questions.

Mr. KEATING. I would think the request should provide for the time limitation referred to, and also should provide that I may yield to any Senator who desires to speak during that period of time, and that at the end of the time thus allowed, the vote will be taken, but that during all those proceedings I may be allowed to yield to other Senators without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, will the Senator yield me 1 minute?

Mr. KEATING. I yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I shall not participate actively in the debate on the bill. I just want the RECORD to show, however, that the Department of Agriculture opposes the bill and also that it is opposed by the American Farm Bureau Federation. They point out that by raising the parity level on milk, it will encourage increased production and destroy the progress we have already made in accordance with the law of supply and demand. They believe it will also result in larger amounts of dairy products being purchased by the Government and an increased cost to the consumers, without increasing the income of dairy farmers. That is the basis for the objection.

I leave it to members of the committee, however, to belabor other aspects of the question.

Mr. MUNDT. Mr. President—

Mr. KEATING. I yield to the Senator from South Dakota.

Mr. MUNDT. I am very happy to be a cosponsor of this bill, because it is legislation which moves in the right direction in the area of a farm program in which we are beginning to make progress, as has been correctly pointed out by other proponents and cosponsors of the bill—

Mr. PROXMIRE. Mr. President, will the Senator yield so I may ask how much time he wants?

Mr. MUNDT. About 3 minutes.

Mr. KEATING. I yield to the Senator from Wisconsin for the purpose of asking the Senator from South Dakota a question.

Mr. MUNDT. I shall conclude very briefly.

Mr. PROXMIRE. Will 3 minutes be sufficient?

Mr. MUNDT. It will be sufficient, I believe.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 3 minutes.

Mr. MUNDT. Mr. President, this bill is not going to impose a great cost upon the Treasury, at worst, and at best may not cost the Treasury anything. It is a very moderate bill. It provides that butterfat shall be supported at not less than 59.6 cents a pound and manufacturing milk at not less than \$3.22 per hundredweight. The legislation terminates on March 31, 1961.

I am happy to report that some progress is being made in improvement of the dairy situation. Our farmers are grateful for that fact. This is the kind of legislation which is necessary, in my opinion, to protect the progress which has been made and to preserve these advances while giving our dairy producers some assurance that they will be able to continue to enjoy at least these minimum prices, which are reasonable in the extreme, and which, as the Department of Agriculture sets out in its report, have prevailed during 5 months of the last marketing year.

If the Government should have to purchase some products under this legislation, it is obvious this is an area where the Federal Government might well want to spend some money regardless in order to provide some more of these wonderful dairy products in our food for peace program.

We are spending big money in the area of international good will. We are spending money in trying to improve our relationships with friendly people with whom we are associated in this cold war. And if money needs to be spent in this area, this would be a legitimate place for it, in connection with the national defense of this country and in connection with the prosecution of the cold war.

We are making great advances in the dairy business in the State of South Dakota, but our dairy men and farmers need some assurance, as they plan and look ahead, that they can expect to receive these modest, but firm, minimum price levels while they are equipping their farms and getting ready for the future.

I regret the Department has opposed this bill, but I do not find myself in an unusual or unique position when I find myself in disagreement with the Secretary or the Department of Agriculture when it comes to the utilization of our price support mechanisms. He and I have frequently disagreed before on this aspect of our farm programs.

This proposed legislation has the wholehearted support of the association of farmers and producers most vitally connected with the industry, the National Milk Producers Federation, which throughout has maintained a reasonable and constructive approach to the solution of the problems in the dairy industry. The bill comes to us with their recommendation. It comes to us with the recommendation of many other organizations and groups.

I regret that the American Farm Bureau Federation is not listed among them, as was pointed out by the Senator from Illinois; but I emphasize the fact that we are moving forward in the direction of beginning to solve the problems which for too long have plagued the dairy producers of this country. This legislation will help.

I am gratified by the fact that for almost half of last year their prices in the marketplace have exceeded those which have been established by the price support mechanism, and have been at the level which we now seek to establish by legislation as a minimum between now and March 31, 1961.

I sincerely hope the measure can pass the Senate overwhelmingly, because it is a step in the right direction, a modest step, a reasonable step, but albeit an important forward step for a great segment of our agricultural economy, because increasingly in my State, and increasingly in other States, farmers are turning to the dairy industry as one of the types of agricultural enterprise which apparently is beginning to supply them with a brilliant future and an opportunity to enjoy the prosperity to which our farm population generally is entitled.

Mr. KEATING. Mr. President, I yield to the Senator from Vermont [Mr. PROUTY] such time as he may need.

Mr. PROUTY. Mr. President, as a cosponsor of S. 2917, I am delighted to have an opportunity to explain to the Senate why I believe its enactment would be in the interests of the farmers of Vermont and of the Nation.

The bill calls for an increase in the price support level from \$3.06 per hundredweight to \$3.22, for milk used for manufacturing purposes, and from 56.6 cents per pound for butterfat to 59.6 cents per pound.

The level of support proposed in the bill is entirely reasonable and will result in only a modest, if any, increase in the cost to the Government.

We are too prone, in the fast moving era of electronics and automation, to forget the contribution which the farmers of America are making to the country's needs. They have always demonstrated their willingness and ability to bring forth the food and fiber to fill the wants of our people. In war and in peace, the farmers have never let us down. They ask of us but one question, "May we have a fair and reasonable price for our commodities?"

We have not always answered this question in a manner which does merit to the producers of food and fiber. Many times we have urged the farmer to speed up production in times of national emergency, and then, when his operation has been geared to a higher production, we have penalized him for that production once the emergency is passed. In no field has this been more true than in the dairy interest. Dairy farmers have worked ceaselessly to make adjustments that had to be made as a result of the high production demanded of them a few years ago. At the present time, milk production is in as good a balance with market outlets available as is the case in most major agricultural products.

While the strenuous effort has been continuing to bring supplies of dairy products within reasonable balance of market requirements, what has happened to farm prices of fluid milk and butterfat?

Since 1952 the average wholesale price received by farmers for all milk dropped more than 18 percent. The average price received for butterfat dropped about 22 percent. Yet, at the same time—and this is important—the retail price paid by consumers for milk has increased almost 10 percent.

What about the farmer's share of the retail price? Mr. President, I can tell you that his share has been on the decline. In 1952 the farmer's share of the



retail price was 51 percent. In 1959 it was only 43 percent, a decrease of 8 percent during the 7-year period.

The Department of Agriculture only last year brought forth some evidence which brings sharply to focus the wide spread between what the farmer gets and what the consumer pays for dairy products.

In 1959, a city worker's family of three paid \$195 for the same quantity of dairy products, milk, butter, cheese, and ice cream, that it bought in 1952 for \$191. But, Mr. President, farmers in 1952 received \$100 for these dairy products, as compared with only \$88 in 1959. Why has all this happened?

The answer is clear: Processors and distributors have increased their take for their services from \$90 in 1952 to \$107 in 1959.

Even with the increases in the price of retail dairy products, these products are still, dollar for dollar, the best buy for the housewives' shopping baskets.

In the past 30 years the real cost of milk to a factory worker, in terms of minutes of work required to purchase a quart of milk, has dropped more than 50 percent. In 1929 a factory worker had to work 15 minutes to earn the price of a quart of milk at retail. By 1947 the cost of a quart of milk had dropped to 10 minutes of factory labor, and in 1959 it took the earnings of less than 7 minutes factory labor to buy a quart of milk at retail. This speaks well for America and the American way of life, but there is one blot on the escutcheon, and that is the fact that consumers today are able to purchase milk at such relatively low prices partially because the farmers' share of the retail price has been shrinking.

In addition to facing the problem of a drop in his share of the retail price, the dairy farmer has had to face up to other severe obstacles. Farm production costs, including interest, taxes, and farm wage rates, are as high as ever.

Yesterday we approved a minimum wage of \$1.25 an hour for those in the manufacturing and retail and service trades. Yet, Mr. President, Department of Agriculture figures show that the dairy farmer receives a much smaller amount per hour for his labor.

I have never gone in for the practice of applying catch phrases to describe any group or segment of the economy, but, Mr. President, if there is a "forgotten man," forgotten by Congress, forgotten by the public, it is the dairy farmer. What other worker today would accept such a low rate for the services he renders or the work he performs?

There are some who blandly say, "Well, market prices will probably continue at the present average level; there is no need for legislation."

I would respond to this suave assertion by pointing out that production costs, increasing as they have in recent years, and with milk supplies in good balances with market outlets, now is the time to give dairy farmers a decent minimum of \$3.22 per hundredweight for their milk, and not less than 59.6 cents per pound for butterfat.

I join with my fellow cosponsors of S. 2917 in urging its approval by the

Senate and enactment by Congress. It is the very least we can do for the very best among us.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. PROUTY. I yield.

Mr. LAUSCHE. What is the cost of the bill, if adopted? I asked the Senator from Wisconsin that question, but I would like to have some statement made on the floor in answer to that question.

Mr. KEATING. Mr. President, I yield to the Senator from Ohio for the purpose of propounding such inquiry.

Mr. PROUTY. As I understand, the estimate is practically nothing. The price, as of March, was \$3.22 or \$3.23. This bill will bring it up to \$3.22. There are practically no surpluses, as I understand. I think the cost is negligible.

Mr. LAUSCHE. At the present price of milk, the cost would be nothing. Is that correct?

Mr. PROUTY. Yes. I think the cost would be very negligible.

Mr. PROXMIER. That is correct.

Mr. PROUTY. I thank the Senator for yielding.

Mr. KEATING. Mr. President, I yield to the Senator from Delaware [Mr. WILLIAMS] such time as may be allotted to him by those who are controlling the time in opposition.

Mr. WILLIAMS of Delaware. Mr. President, in the absence of the majority leader, who has control of the time, I will take 5 minutes.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 5 minutes.

Mr. WILLIAMS of Delaware. Mr. President, I recognize the futility of even trying to oppose a subsidy bill on the eve of a presidential election. We had a vote earlier this afternoon which indicated how free the Members of the Congress are on the eve of an election with respect to all of the various proposals which give something to different segments of the economy. It has always been popular to try to buy votes out of the Federal Treasury.

I invite special attention to the fact that this bill which seeks to raise price supports on milk products will only be in effect some 7 months. If it is a good bill, why do not the sponsors try to have permanent legislation enacted? It is only advocated that we enact the bill and raise the price supports until after the people go to the polls to vote. After the election under this bill we shall go back to the old price support level or somewhere else.

With regard to the argument which has been made on the floor that passage of the bill will not cost the Federal Treasury anything, I simply ask the question: How can we give the American farmers anything from the Federal Government without their being a cost? Either we are kidding somebody or we are not going to give them anything. I do not think any Senator would try to argue with that point.

This bill is opposed not only by the administration but also by the American Farm Bureau, one of the largest farm organizations, and a sound farm organization.

While this bill will give a short term benefit to the dairy farmers in the long run it will not help them.

As production increased due to the certainty that market prices would remain at about present levels, some dairy farmers would realize a temporary increase in their gross and net incomes. However, huge surplus stocks soon would be in the hands of the Federal Government and these would hang as a tremendous weight over the market system, preventing any increase in market prices over support prices such as occurred in recent years. As a result, dairymen's gross incomes would be reduced in future years.

Mr. President, I ask unanimous consent that the letter of the Department of Agriculture, as written to the committee under date of March 22, 1960, in which they oppose the bill, be printed in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., March 22, 1960.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR SENATOR ELLENDER: This replies to your request of February 4 for a report on S. 2917, a bill to amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

This Department recommends that the bill not be enacted.

It is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions. The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The announced support prices for the 1959-60 marketing year are \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices are 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. Further progress has been made toward closing the gap between production and consumption in commercial outlets. It has been necessary, however, to buy substantial quantities of dairy products during the year. It is estimated that the total purchases for the marketing year will contain about 2 percent of the milkfat and 9 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses. These price support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by schoolchildren and military personnel.

Market prices of some dairy products rose above the CCC buying prices in the last 5 months of calendar year 1959. For the first 9 months (April-December) of the 1959-60



marketing year, the actual prices received by farmers averaged \$3.22 a hundredweight for manufacturing milk and 59.6 cents a pound for butterfat. This is the level that the bill seeks to maintain throughout the 1960-61 marketing year.

On January 8 the Department announced that the present support program for milk and butterfat would be continued through the 1960-61 marketing year. There is reasonable prospect that market conditions again will keep prices above the support level during part of the year. If market demand will not result in such a higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,  
*Acting Secretary.*

Mr. WILLIAMS of Delaware. Mr. President it is time that the American taxpayers begin to ask themselves how long they can keep buying these elections for the various candidates by passing these special privilege bills.

Mr. KEATING. Mr. President—

Mr. PROXMIRE. Mr. President, will the Senator permit me to yield to the Senator from Massachusetts?

Mr. KEATING. I yield such time as is allotted by the Senator from Wisconsin.

Mr. PROXMIRE. I yield to the Senator from Massachusetts such time as he desires.

Mr. KENNEDY. Mr. President, I strongly support the bill. I am a cosponsor of the bill. I had a good deal of experience in the winter of this year in a strong dairy State, Wisconsin. I have some idea as to how hard hit the dairy farmers of that section of the United States have been.

The University of Wisconsin figured that the average farmer's wage was 50 cents an hour, and that only a relatively few farms in the State were paying an income which permitted the farmers to pay interest, to pay the upkeep on the machinery and feed, and to make what we would call a good living for the farm family.

The farm people are a group of people who work hard, who have spent a long time building up their farms, and who have been hard hit in recent years. I think the bill would be of some help to them. I do not think it will in any way solve the problems of dairy farmers, but I think it is a step in the right direction.

I congratulate the Senator from Wisconsin for bringing the bill before the Senate, and I am delighted to cosponsor it.

Mr. KEATING. Mr. President, I yield 1 minute to the distinguished senior Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin [Mr. WILEY] is recognized for 1 minute.

Mr. WILEY. Mr. President, I am happy to be a cosponsor of the bill, also.

I wish to state briefly why I support the bill. Personally, I am no longer producing milk, though for some 25 years I did produce milk.

The bill fixes a floor. It would give to the farmer a guaranteed price of about 6½ cents a quart. The people who buy milk either in Washington, D.C., or elsewhere know what that means. We have been talking about minimum wages but not for the farmer. We have been talking about aiding everybody else. For centuries the small farmer has been the backbone of the country not only in America but also throughout the world. I know from my own experience that the cost of production of milk is more than 6½ cents a quart, considering the costs of labor and the costs of machinery.

I know how the farmers work. They do not work 6 or 7 hours a day, but they work 12 or 14 hours a day, when they own the land themselves, which gives them a return of from 60 to 70 cents an hour.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. WILEY. Mr. President, I ask the Senator to yield me 1 more minute.

Mr. KEATING. I yield 1 additional minute to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 additional minute.

Mr. WILEY. I know it is our business to see to it that we do not have a paralysis in the farm area. Every depression in the past started in the farm area.

There has been some talk about powdered milk. I was in Lisbon last year, and I flew to southern Spain, to Rota. They were using powdered milk there at a military establishment. It was wonderful.

This bill is only a palliative, it is not a curative. It is not the medicine needed to cure the problem. In Wisconsin we produce 17 to 18 billion pounds of milk a year. We have to find an outlet for that milk. If it is not butter, cheese, and powdered milk, the outlet will have to be found somewhere else.

I suggest that since this is an exploratory age we should explore the utilization of the constituent parts of milk not only for food but also for other things. I think that is the field in which we will find the answer.

Mr. President, I am in favor of the bill.

Mr. MANSFIELD. Mr. President, if no other Senators desire to use time, I ask unanimous consent that all time be yielded back and that the vote be taken on the pending bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The question is on agreeing to the committee amendment. [Putting the question.]

The committee amendment was agreed to.

Mr. THURMOND. Mr. President, I shall vote against S. 2917. In my opinion, this approach to a segment of the agricultural production of our country is unrealistic and incompatible with any concept of either existing farm programs

or proposed farm programs. It is completely unrealistic to set a specific minimum support in dollars and cents for an agricultural commodity without taking into account either consumption or demand, as is accomplished through the concept of parity. The present law requires that milk and butterfat be supported at a level of from 75 to 90 percent of parity as will assure an adequate supply. The dollars and cents minimum prescribed by S. 2917 abandons entirely the flexibility necessary to assure an adequate supply of milk and butterfat. Neither does the approach of a dollar and cents minimum leave room for consideration of fluctuation in consumption. Existing legislation gives sufficient authority, and the present program provides the necessary assurances, that the prices received by producers will not drop below the support level of \$3.06 during the next marketing year. I cannot acquiesce in any such shallow proposal as this innovation of the price support program.

The PRESIDING OFFICER. If there is no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill—S. 2917—was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider. [Putting the question.]

The motion to lay on the table was agreed to.

Mr. DIRKSEN subsequently said: Mr. President, I made no extended remarks on the milk bill that was before us, but the Department of Agriculture had released a statement, and I thought that statement ought to be made a part of the body of the RECORD. I now submit that statement, which has been uttered by Forest W. Beall, Deputy Administrator for Price Support, Commodity Stabilization Service, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE, STATEMENT ON S. 2917 BEFORE THE SENATE SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES, BY FOREST W. BEALL, DEPUTY ADMINISTRATOR FOR PRICE SUPPORT, COMMODITY STABILIZATION SERVICE, MAY 19, 1960

This statement is based on and supplements the Department's report of March 22 recommending against enactment of S. 2917.

S. 2917 would amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended by adding the following new sentence to be inserted after the first sentence:

"Notwithstanding the foregoing provisions for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."



The Department feels that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions. The Agricultural Act of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The support prices for the last marketing year which ended March 31, 1960, were \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices were 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. While a little progress was made toward closing the gap between production and consumption in commercial outlets, it still was necessary to buy substantial quantities of dairy products. During the last marketing year CCC purchased 135 million pounds of butter and 50 million pounds of cheese. Also, the Department removed from the market 857 million pounds of nonfat dry milk. The total acquisitions for the marketing year contained about 2.9 percent of the milkfat and 9.3 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses.

The price support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by school children and military personnel.

Market prices of some dairy products were above the CCC buying prices in the last 8 months of the 1959-60 marketing year. The actual prices received by farmers for the entire 1959-60 marketing year averaged \$3.23 a hundredweight for manufacturing milk and 59.5 cents a pound for butterfat. The bill seeks to maintain approximately this level for the current 1960-61 marketing year.

The number of milk cows on January 1, 1960, was 0.7 of a percent smaller than a year earlier. This was the smallest decrease in 6 years. The numbers of yearling heifers and heifer calves on January 1 were larger than in recent years. The numbers of these replacements per 100 milk cows were the largest on record. The increases in production per cow in 1958 and 1959 were not enough to offset the declines in cow numbers, and total milk production declined slightly each year. In 1959, however, farm use of milk declined more than milk production did and total farm marketings of milk increased slightly. Meanwhile, there was a further shift from farm-separated cream to whole milk deliveries by farmers which brought more nonfat milk solids on to the market.

Milk production in the first 4 months of 1960 totaled about 1 percent above a year earlier. Only part of this increase was accounted for by the extra day in February. Feed supplies are at record levels and lower priced than last year. These developments indicate that a potential exists for a significant increase in milk production.

On January 8 the Department announced that the support prices for the 1959-60 marketing year would be continued through the 1960-61 marketing year. As of the beginning of this marketing year these support prices are percent of the parity equivalent and parity prices for manufacturing milk and butterfat.

Prices received by farmers in April for manufacturing milk and butterfat were above the support level. There is some prospect

that market conditions will continue to keep prices above the support level during at least part of the 1960-61 marketing year. If market demand will not continue to result in such higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

It should be noted that the estimated cash receipts of \$4.7 billion from farm sales of milk and butterfat in 1960 will be the highest on record.

#### VISIT TO THE SENATE BY SENATOR REMON ESCOVAR OF VENEZUELA

During the consideration of S. 2917,

Mr. MANSFIELD. Mr. President, will the Senator yield to me, for the purpose of permitting the Senator from Oregon to introduce a distinguished guest to the Senate?

Mr. KEATING. Mr. President, I will yield to the Senator with the understanding that I shall not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, once again it is my privilege and honor as chairman of the Senate subcommittee which deals with Latin American affairs to present to the Senate a distinguished parliamentarian from a Latin American neighboring country. Today it is our privilege to have as our guest on the floor of the Senate Senator Ramon Escovar, of Venezuela, representing the federal district of Caracas. Senator Escovar has been a Senator in the Venezuelan Senate since 1958. He is also a professor of law at the Central University of Venezuela in Caracas, which is one of the national universities of the Republic of Venezuela.

Mr. President, it is my great privilege to present Senator Escovar to the Senate. [Applause, Senators rising.]

#### AUTHORIZATION FOR ROBERT J. MYERS TO BE PRESENT ON FLOOR DURING DEBATE ON SOCIAL SECURITY AMENDMENTS

Mr. JAVITS. Mr. President, will the Senator yield for a unanimous consent request?

Mr. KEATING. Yes.

Mr. JAVITS. Mr. President, I ask unanimous consent that during the debate on the social security amendments I may have upon the floor to assist me Robert J. Myers, Chief Actuary of the Social Security Administration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. I wish to emphasize that Mr. Myers is a career employee, and that there is no implication with respect to the legislation or the support of the department in his being with me. It is strictly to give me technical assistance on my amendment.

#### AUTHORIZATION FOR APPROPRIATIONS FOR THE MUTUAL SECURITY CONTINGENCY FUND

Mr. MANSFIELD. Mr. President, will the Senator from New York yield to me so that I may move to have the Senate consider a bill, which will then be the unfinished business?

Mr. KEATING. Mr. President, I will yield with the understanding that I shall not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1908, S. 3855.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill, S. 3855, to increase the authorization for appropriations for the President's mutual security contingency fund for the fiscal year 1961, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. KEATING. Mr. President, the President of the United States has requested an increase of \$100 million in the mutual security contingency fund. Originally, the President called for \$175 million for the contingency fund in his budget request for 1961, but the House has already cut \$25 million from that. Now, the perilous course of events in Africa makes it clear that by its very nature a contingency fund cannot be completely budgeted for in advance. New events will always crop up that will require quick U.S. action. In such cases, it is very important that the United States not be hamstrung and delayed by too close a congressional leash.

The \$100 million which the President has just requested in addition to the \$175 million originally sought is to be used, among other things, to help pay the costs for airlifting United Nations troops to the Congo. If this airlift had not been available at once so that United Nations forces could be shipped to the troubled area without delay, who can say what chaos and confusion would have developed? Unquestionably, the situation would be even worse than it is now. Perhaps there might even have been Russian troops in the Congo ready to subjugate not only Belgians or rebels, but also the whole of the African Continent.

Mr. President, as we certainly have seen in the last few months, the course of international affairs is anything but smooth and predictable, even to a government that is as careful and well informed as our present administration. Moreover, the Russians especially seem to take great delight in behaving as unpredictably as they possibly can, with the aim, it has been suggested, of deliberately throwing this country, with its slower democratic processes, for a loss. Under these circumstances, a larger contingency fund is a must.

From the point of view of long-term economy, an effective contingency fund



is also very important. Whatever we do, we must not make the mutual security program so rigid and inflexible that we are forced to pay for projects that changing events have rendered less necessary or, on the other hand, not to lay the groundwork in time for projects that might pay big dividends in the future. Timing is often the key to success in foreign ventures. The Congress should allow the Government some leeway in determining, in the face of changing times, when projects that for one reason or another have not been specifically budgeted, should be undertaken. In the long run, this flexibility will save us money and contribute to the success of our policies.

I am especially interested in the implications of this particular request for money for airlifting U.N. troops to the Congo because it bears out the importance of a recommendation that I have long made. That is that the United Nations should have a standing police force that would be ready at any time to go anywhere to face up to just the kind of situation that has evolved in the Congo. The existence of such a force, and still further, the knowledge of the existence of the force, would, I feel, do much to lower international temperatures the world over.

Until this force can be set up, however, or until the world reverts to an easier, more predictable pattern, I do not believe that this country can do without a contingency fund that really is large enough to meet most contingencies. Mr. President, I urge full approval of the President's request. It is in the best interests of this country and of the whole free world.

#### AMERICAN WAR CLAIMS LEGISLATION

Mr. KEATING. Mr. President, there are now pending on the agenda of the Committee on the Judiciary, of which I have the privilege of being a member, a number of American war claims bills. One of the most important of these bills—H.R. 2485—provides for the payment of compensation to Americans who suffered injury or death or who suffered property losses in certain areas as a result of World War II. A serious omission from this otherwise very salutary bill are thousands of Americans who were unable to become citizens of the United States until after the war. I have for many months been urging amendments to H.R. 2485 to correct this unjustified discrimination in our treatment of American citizens and I shall continue in committee and on the floor if necessary to press for inclusion of these needed amendments in the pending legislation. I do not believe that this legislation will be fully adequate until such provisions are included to prevent discrimination against Americans, based on the date on which they obtained that happy status.

It is abhorrent to our concepts of citizenship to distinguish between Americans on the basis of when they happened to become naturalized. We have never recognized in this country any concept of second class or junior citizenship. Even

European countries which have adopted war claims programs in behalf of their own nationals have made provision for claimants who become nationals after they suffered their original loss. Certainly we in the United States can do no less. At the very least, those Americans who were subjected to persecution during the war by their former governments should not be discriminated against under this generally humanitarian program. I have a specific amendment prepared for this purpose as well.

Some war claims bills have been before the Congress in one form or another for many years. There is great interest in these throughout the country.

In my opinion, a number of amendments in addition to those relating to our newer citizens will have to be adopted before we can claim to have dealt with this subject in a completely fair and equitable manner. For several months I have had such amendments in readiness. Because of the large number of inquiries I have received about this subject and my growing concern that we may default in our obligation to act in this field, I would like briefly to discuss this subject on the floor today.

First, I express the fervent hope that it will be possible to take action on these measures before the adjournment of this session. In many instances the beneficiaries or claimants under these measures have been waiting for more than 15 years for some relief. The House has already approved a number of the bills that are pending. It remains only for the Senate to fulfill its responsibility.

The Trading With the Enemy Act Subcommittee, of which I am a member, has held many extensive hearings on the problems raised by these bills. Its last hearings were completed in July 1959. I have made every possible effort since that date to induce the subcommittee to meet and report to the full committee the measures involved. Unfortunately, it was not until the last weeks of the first part of this second session of the Congress that a meeting of the subcommittee was called by the chairman and action was taken on any of these measures. By that time it was too late for the full committee to complete its consideration of the bills prior to our adjournment on July 5.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. LAUSCHE. Will the Senator restate the purposes of his proposals?

Mr. KEATING. I shall cover the high spots in my remarks. I do intend to outline briefly some of the things that I have in mind.

The subcommittee's recommendations left a great deal to be desired. A majority of the subcommittee not only failed to correct the omission of our newer citizens from this legislation, but also recommended the deletion from the House-passed war claims bill—H.R. 2485—of all the provisions relating to the actual payment of claims. In my opinion this was a completely unwarranted change, and I have been attempting in the full committee, and shall continue my efforts in this regard, to obtain reinstatement of the omitted

House provisions. I have a specific amendment prepared for this purpose.

The House bill also inexplicably omitted from its provisions losses suffered by Americans as a result of the removal of their property from Germany for reparations purposes. Such a provision was included in the administration's original proposals, and I believe should be allowed in the final version of this legislation. I shall offer such a provision in committee and on the floor.

Another of the measures pending before our committee is the heirless property bill, H.R. 6462. The sole purpose of this bill is to provide for lump sum settlement of all heirless property claims in the amount of \$500,000. Since all of this money will come from the property of former victims of Nazi persecution who died without heirs and will be used for the needy survivors of such persecution, and since the total sum represents only a small fraction of the amount of such property which was vested by the Government, there should be no objection whatsoever to approval of this bill in the full amount called for.

An effort has been made to reduce the \$500,000 still further, indeed, to cut it in half, to \$250,000 but there is no basis for any such a reduction.

Finally, I hope that the Committee on the Judiciary will approve my bill, S. 1103, which would permit the sale of property vested by the Government to American bidders, despite the pendency of litigation over the ownership of the property. The chief impact of this measure would be to permit the Government to turn over to private industry the operation of the huge General Aniline & Film Corp. facilities. The litigation over this property has been in progress for more than a decade, and it appears to be endless. Under the terms of the bill, every safeguard would be provided in the event the claimants in this litigation should ultimately prevail, since they would be entitled to just compensation for the amount of their interest. The bill is strongly endorsed by the AFL-CIO, the supervisory association of the General Aniline Corp., the International Chemical Workers Union—which represents most of the rank-and-file employees of the corporation—and the Chamber of Commerce of the United States.

When we get a combination like that approving a bill, it is a rather happy day. It is a rather singular accomplishment.

S. 1103 also is strongly supported by the Department of Justice. Indeed, I know of no opposition to the bill except on the part of representatives of the parties involved in the litigation. There is no reason for the indefinite continued operation of this plant by a Government agency, and I hope that before long this huge company can be placed in the hands of free enterprise, so that it can prosper and grow to the full extent of its potential.

This is not the time to discuss in detail all of these facets of the war claims problem or the other measures involved in our committee's deliberations. I would like to mention, however, that a majority of the subcommittee also rec-









# S. 2917

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IN THE HOUSE OF REPRESENTATIVES

AUGUST 22, 1960

Referred to the Committee on Agriculture

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## AN ACT

To establish a price support level for milk and butterfat.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That subsection (c) of section 201 of the Agricultural Act  
4        of 1949 (7 U.S.C. 1446), as amended, is further amended  
5        by adding the following new sentence to be inserted imme-  
6        diately after the first sentence: "Notwithstanding the fore-  
7        going provisions, for the period beginning with the enactment  
8        of this sentence and ending March 31, 1961, the price of  
9        milk for manufacturing purposes and the price of butterfat  
10       shall be supported at not less than \$3.22 per hundredweight  
11       and 59.6 cents per pound, respectively."

Passed the Senate August 19, 1960.

Attest:

FELTON M. JOHNSTON,

*Secretary.*

86TH CONGRESS  
2D SESSION

S. 2917

**AN ACT**

To establish a price support level for milk and  
butterfat.

AUGUST 22, 1960

Referred to the Committee on Agriculture









H. Res. 617, citing Juan Emmanuelli Morales.

Pages 16133-16137

H. Res. 618, citing Cesar Andreu Iglesias.

Pages 16137-16140

H. Res. 619, citing Pablo M. Garcia Rodriguez.

Pages 16140-16143

H. Res. 620, citing Cristino Perez Mendez.

Pages 16143-16146

H. Res. 621, citing Juan Santos Rivera.

Pages 16146-16150

**Agricultural Hall of Fame:** H.R. 5789, to incorporate the Agricultural Hall of Fame, was cleared for Presidential action by House agreement to Senate amendments thereto.

Page 16151

**Quorum Call and Record Votes:** During the proceedings of the House today one quorum call and two record votes developed and they appear on pages 16059, 16097-16098, and 16117.

**Program for Wednesday:** Adjourned at 5:21 p.m. until Wednesday, August 24, at 12 o'clock noon, when the House will act on the following 12 bills from the Committee on Ways and Means (they will not necessarily be called up in the order listed):

H.R. 11266, prepaid dues income of certain membership organizations.

H.R. 6292, authorization of acceptance by the Government of gifts to reduce the public debt.

H.R. 9000, provision that only one retail liquor dealer tax need be paid by any State and political subdivision operating liquor stores.

H.R. 10960, determination of retail price for purposes of excise tax on cigars.

H.R. 6066, limitation on deduction in case of contributions by individuals to certain charitable organizations.

H.R. 3176, imposition of tire tax on tires delivered to manufacturer's retail outlet.

H.R. 12536, exclusion of local advertising charges from manufacturer's sales price.

H.R. 11681, amendment of section 902(b) of Internal Revenue Code.

H.R. 12329, gift and estate tax treatment of relinquishment of certain powers.

H.R. 12036, dividends-received deduction for dividends paid by a foreign corporation from earnings and profits accumulated by a domestic corporation.

H.R. 3392, certification of quotas on certain Philippine tobacco.

H.R. 11584, import taxes on lead and zinc.

Also will consider S.J. Res. 170, favoring a convention of delegates from Atlantic democracies looking to greater cooperation and unity of purpose (1 hour of debate).

## Committee Meetings

### AGRICULTURE MISCELLANY

*Committee on Agriculture:* Met in executive session and ordered favorably reported to the House the following bills:

H.R. 12491, to convey certain lands in the State of Wyoming to the county of Fremont, Wyo.;

S. 882, a private bill;

S. 3146, to authorize the Commodity Credit Corporation to donate dairy products and other agricultural commodities for use in home economics courses; and

S. 3759, to authorize conveyance of certain lands to Auburn University, Auburn, Ala.

The committee considered but took no final action on H.R. 13062, to extend the Sugar Act of 1948. Passed over were the following measures: H.R. 12954, to provide a voluntary payment-in-kind program for the purpose of reducing wheat production and wheat stocks of the Commodity Credit Corporation; H.R. 12720, to amend the Agricultural Trade Development and Assistance Act of 1954; H.R. 12238, to amend the Agricultural Act of 1949 with respect to the level of price support for milk for manufacturing purposes and for butterfat; and S. 2917, to establish a price support level for milk and butterfat.

### BANKING AND CURRENCY MISCELLANY

*Committee on Banking and Currency:* The committee met in executive session and ordered favorably reported to the House the following measures:

S. 3619, to make permanent law the controls over savings and loan holding companies enacted in 1959; and

S. 3439, to authorize the President to present a gold medal to Robert Frost in recognition of his poetry.

Passed over H.R. 3714, relating to certain outmoded forces of currency. Adjourned subject to call of the Chair.

### SCHOOL LUNCH PROGRAM

*Committee on Education and Labor:* Subcommittee on General Education heard testimony from Department of Agriculture witnesses regarding the proposed amendments to the school lunch program. Hearings continue Wednesday, August 24.

### LATIN AMERICA—MUTUAL SECURITY ACT

*Committee on Foreign Affairs:* Heard testimony from C. Douglas Dillon, Under Secretary of State, on H.R. 13021, to provide for assistance in the development of Latin America and to increase the contingency fund of the Mutual Security Act.



## MEMORIAL

*Committee on House Administration:* The Subcommittee on Library and Memorials ordered favorably reported to the full committee H.R. 12808, to authorize the erection of a memorial in the D.C. to Gen. John J. Pershing.

## PUBLIC LANDS

*Committee on Interior and Insular Affairs:* Subcommittee on Public Lands ordered the following bills reported to the full committee: S. 2757 (amended), to permit any State to acquire certain public lands for recreational use; S. 2914, to authorize the purchase and exchange of land and interests therein on the Blue Ridge and Natchez Trace Parkways; S. 3267, relating to the disposition of certain public lands in Alaska; and S. 3399, to authorize the exchange of certain property within Shenandoah National Park, Va. The subcommittee adjourned subject to call of the Chair.

## INTERSTATE MISCELLANY

*Committee on Interstate and Foreign Commerce:* Met in executive session and ordered reported favorably to the House the following measures:

H.R. 2482 (amended), to amend the Investment Advisers Act;

H.R. 13066, to amend section 4(a) of the Securities Exchange Act;

H.R. 13067, to amend Public Law 86-619, an act to make uniform provisions of law with respect to the terms of office of the members of certain regulatory agencies;

S. 1740 (amended), to amend section 202(b) of the Communications Act of 1934, in order to expand the Federal Communications Commission's regulatory authority under such section; and

S. 1964, to require certain common carriers by railroad to make reports to the Interstate Commerce Commission with respect to certain accidents.

## MANPOWER UTILIZATION

*Committee on Post Office and Civil Service:* Subcommittee on Manpower Utilization approved a detailed examination and study of the hiring of retired military personnel to fill positions traditionally held by civilians. Also approved a study of manpower utilization in the Selective Service System.

The subcommittee voted to make a review of wage board procedures in the Federal Government.

## SUPERGRADES

*Committee on Post Office and Civil Service:* Subcommittee met in executive session to consider supergrades and bills relating to hearing examiners. It was announced by the chairman that no more hearings would be conducted on this subject during the remainder of the 86th Congress.

## WATERSHED PROJECTS

*Committee on Public Works:* Subcommittee on Watershed Development approved four watershed projects, three in Oklahoma and one in Michigan. Testimony was presented by Representatives Albert, Steed, Belcher, Bentley, and Chamberlain. The subcommittee adjourned subject to call of the Chair.

## RADIO OPERATORS—COMMUNIST ACTIVITIES

*Committee on Un-American Activities:* The committee held a hearing on H.R. 12852, prohibiting the licensing as radio operators of persons who willfully fail or refuse to answer questions relating to Communist activities. Heard testimony from Robert E. Lee, Commissioner, Federal Communications Commission; and a representative of the Communications Workers of America.

Five persons who are presently or have been in the recent past radio operators, and who have been identified as members of the Communist Party, invoked the fifth amendment to the Constitution when questioned.

## ROCKET AND JET ENGINE NOISE

*Committee on Science and Astronautics:* The Special Investigating Subcommittee held a hearing on research and development in the rocket and jet engine noise problem. Testimony was given by Ira Abbott, Office of Advanced Research Programs, National Aeronautics and Space Administration; Dr. Richard H. Bolt, Associate Director, National Science Foundation; and public witnesses. Hearings continue Wednesday, August 24.

*Joint Committee Meetings*

## APPROPRIATIONS—LABOR-HEW

*Conferees* continued to resolve the differences between the Senate- and House-passed versions of H.R. 11390, fiscal 1961 appropriations for the Departments of Labor and Health, Education, and Welfare, but did not reach final agreement, and will meet again tomorrow.

## APPROPRIATIONS—STATE, JUSTICE, AND THE JUDICIARY

*Conferees*, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 11666, fiscal 1961 appropriations for the Departments of State and Justice, and the Judiciary.

COMMITTEE MEETINGS FOR WEDNESDAY,  
AUGUST 24

(All meetings are open unless otherwise designated)

## Senate

*Committee on Finance*, executive, on House-passed bills, 10 a.m., 2221 New Senate Office Building.

*Committee on the Judiciary*, subcommittee, on the nomination of Robert A. Bicks, to be an Assistant Attorney General, 10:30 a.m., 2228 New Senate Office Building.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued Aug. 29, 1960  
For actions of Aug. 26 and 27  
Nos. 143 and 144

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HIGHLIGHTS: House passed supplemental appropriation bill. Both Houses agreed to conference report on mutual security appropriation bill. House committee voted to report bill to increase price support level for milk and butterfat. Senate committee opted to report measure for study of U. N. food-for-peace program. Senate agreed to conference report on Labor-HEW appropriation bill. House received conference report on public works appropriation bill. Sen. Humphrey and Rep. Flood introduced and discussed bills to authorize donation of surplus commodities and property to Polish flood victims. Sen. Humphrey introduced and discussed bill to provide (cont'd p. 7)

## SENATE - AUG. 26

1. LABOR-HEW APPROPRIATION BILL, 1961. Agreed to the conference report on this bill, H. R. 11390 (pp. 16563-9). This bill will now be sent to the President.
2. SURPLUS COMMODITIES; FOREIGN AID. The Foreign Relations Committee reported an original concurrent resolution, S. Con. Res. 116, expressing the support of the Congress for the continued exploration by the President with other nations for the establishment of an international food program for the purpose of furnishing food to needy countries (S. Rept. 1922). p. 16503
3. APPROPRIATIONS. Received from the President supplemental appropriation estimates for the President's special international program (S. Doc. 120), and for the Department of Health, Education, and Welfare (S. Doc. 121). p. 16507

4. PERSONNEL. Concurred in the House amendment, after agreeing to an amendment by Sen. Johnston, to S. 2575, to provide a health benefits program for certain retired employees of the Federal Government. pp. 16569-71
5. HEALTH. Agreed to the conference report on H. R. 6871, to amend the Public Health Service Act so as to authorize project grants for graduate training in public health. p. 16556
6. IMPORTS. Passed with an amendment H. R. 12659, to suspend for a temporary period the import duty on heptanoic acid. pp. 16623-5
7. OLD-AGE ASSISTANCE. Received the conference report on H. R. 12580, to provide grants to States for medical care for aged individuals of low income. pp. 16611-22
8. DEPRESSED AREAS. Sen. Keating criticized the Democrats for not passing depressed areas legislation as recommended by the President, and stated that "it is perfectly clear that the members of the majority party do not want any area assistance program before the election." p. 16532  
Sen. Douglas criticized the recent testimony of Secretary of Commerce Mueller on depressed areas legislation and stated that his testimony "has again vetoed our efforts to enact an effective area redevelopment law." pp. 16572-3
9. FOREIGN AID. Sens. Dirksen and Cooper inserted a report on the first 26 months of operation of the Development Loan Fund. pp. 16515, 16529

HOUSE - AUG. 26

10. MUTUAL SECURITY APPROPRIATION BILL, 1961. Both Houses agreed to the conference report on this bill, H. R. 12619, and acted on amendments in disagreement. This bill will now be sent to the President. pp. 16596-609, 16638-47
11. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1961. Passed with amendments this bill H. R. 13161. Earlier the Appropriations Committee had reported the bill without amendment (H. Rept. 2166). pp. 16666-72, 16712  
As passed the bill includes Forest Service items as follows: \$700,000 of the \$800,000 budget estimate for "Forest land management" (for rehabilitation of burned areas) and \$500,000, the budget estimate, for "Forest research" (for emergency research on the burned-over San Dimas Experimental Forest).  
The budget estimate of \$1,000,000 under "Funds appropriated to the President" for program administration, audit, and end-use checks of overseas surplus agricultural commodity donations carried on by private voluntary relief agencies was not included in the bill.
12. PUBLIC WORKS APPROPRIATION BILL, 1961. Received the conference report on this bill, H. R. 12326 (H. Rept. 2181). The conference report includes items for Army flood control and Interior reclamation. pp. 16647-55, 16712
13. MILK PRICE SUPPORTS. The Agriculture Committee voted to report (but did not actually report) S. 2917, to establish a price support level for milk and butterfat. p. D724









Aug. 29, 1960

8. IMPORTS. Senate and House conferees were appointed on H.R. 12659, to suspend for a temporary period the import duty on heptanoic acid. pp. 16884, 16951
9. FOREIGN SERVICE. Both Houses agreed to the conference report on S. 2633, to amend the Foreign Service Act of 1946 relating to Foreign Service Staff officers and to the Foreign Service retirement system (pp. 16884-5, 16929-31). This bill will now be sent to the President.
10. LANDS; SOIL SURVEY. Received from Interior a report that an adequate soil survey and land reclassification has been made of the lands in the La Feria division, lower Rio Grande rehabilitation project, Tex., and that the lands to be irrigated are susceptible to the production of agricultural crops. p. 16864
11. FORESTS. Agreed to a request by Sen. McGee to have printed as a Senate document a report being prepared by the Forest Service at his request, "National Forests in Wyoming - Basic Facts." p. 16877
12. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the following bills have been cleared for consideration, if time permits, within the next few days: H. R. 12759, to extend the Mexican farm labor program, and S. 3421, to amend the Federal Employees' Group Life Insurance Act so as to provide authority for the Civil Service Commission to determine claimants if no claim is filed for benefits. pp. 16908-9

HOUSE

13. MILK PRICE SUPPORTS. The Agriculture Committee reported without amendment S. 2917, to increase the price-support level for manufacturing milk and butterfat for the remainder of the current marketing year, from the date of enactment of the bill until Mar. 31, 1961, to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat (H. Rept. 2182). p. 16989
14. SUGAR. The Agriculture Committee reported with amendment H.R. 13062, to extend the Sugar Act of 1948 (H. Rept. 2200). p. 16989
15. PERSONNEL. Agreed to a Senate amendment to S. 2575, to provide a health benefits program for certain retired employees of the Government. This bill will now be sent to the President. pp. 16931-2
16. PUBLIC HEALTH. Agreed to the conference report on H. R. 6871, to amend the Public Health Service Act so as to authorize project grants for graduate training in public health. This bill will now be sent to the President. p. 16932
17. PUBLIC LAW 480; CONSERVATION PAYMENTS. The Agriculture Committee voted to report (but did not actually report) the following bills: p. D732  
S. 2761, to validate certain payments for farmers for emergency conservation work in Oregon which the Comptroller General has held were not authorized by the Third Supplemental Appropriation Act of 1957, inasmuch as the conservation practices were performed prior to its enactment;  
H. R. 12720 (amended), to amend the Agricultural Trade Development and Assistance Act of 1954.
18. WATERSHEDS. The Agriculture Committee approved watershed projects in Colo., Ga., Hawaii, Miss., N. Mex., Md., Okla., and Va. p. D732  
The Public Works Committee approved three watershed projects in Okla., and one in Mich. p. 16926



19. LANDS; MINERALS. The Interior and Insular Affairs Committee reported the following bills: p. 16989
  - S. 1670, with amendment, to provide for the granting of mineral rights in certain homestead lands in Alaska (H.Rept. 2192);
  - S. 2757, with amendment, to supplement the Act of June 14, 1926, to permit any State to acquire certain public lands for recreation use (H. Rept. 2194);
  - S. 3267, with amendment, to amend the act of Oct. 17, 1940, relating to the disposition of certain public lands in Alaska (H. Rept. 2196).
20. FARM PROGRAM. Rep. Chamberlain inserted an article, "Where the Blame Really Belongs", which places the blame for agricultural surpluses on "programs inherited by this administration, plus new programs that had to be initiated by this administration to offset inherited problems." p. 16951
  - Rep. Rhodes, Ariz., criticized the Democratic platform statement on farm policy and inserted "19...efforts and accomplishments of President Eisenhower to cope effectively with the farm problem..." pp. 16953-4
  - Rep. Randall criticized this Department and the administration for "further lowering of price supports, removal of production controls and additional public funds for research and education" and urged development of a "farm program which permits farmers to gear their production to available markets and reduces Government costs." p. 16967
21. BEEF AND PORK IMPORTS. Rep. Wolf criticized administration of the Reciprocal Trade Agreements Act particularly in respect to the importing of red meat, stating that the "intent of the framers of this law is being violated because of... a misunderstanding of the purpose of the act." pp. 16968-9
22. SOIL BANK. Rep. Smith, Ia., criticized the soil bank program, and in particular a proposal to extend it to include an additional 60 or 70 million acres, stating that to achieve the objectives stated in the proposal 133 million acres would be required. In addition he stated that "vast resources of the Department of Agriculture for analyzing programs and making estimates are being wasted by only projecting the views that coincide with conclusions of the Secretary and the President." pp. 16969-70
23. WHEAT. Rep. Latta criticized Congress for not passing his wheat proposal which would "authorize the Secretary of Agriculture to remove marketing quotas and controls from the production of any class of wheat whenever, prior to June 1 of any year, he determines that the production of such class will not exceed the estimated normal supply by less than a given percentage fixed by Congress." p. 16987

#### ITEMS IN APPENDIX

24. SOIL CONSERVATION; PERSONNEL. Extension of remarks of Rep. Jensen paying tribute to "the memory of one of our greatest Americans, Hugh Hammond Bennett, man of the soil." p. A6469
25. WATER RESEARCH. Sen. Yarborough inserted an article, "Solar Distillery Problem Solved--Will Reduce Cost of Making Water from Sea Drinkable." pp. A6470-1
26. RURAL DEVELOPMENT. Extension of remarks of Sen. Scott inserting this Department's letter to the Senate Banking and Currency Committee and stating that it gives a "State by State breakdown of the excellent progress being made under this program." pp. A6477-8
27. SUGAR. Rep. Flood inserted an article, "Bounty Held Key to Crisis in Sugar--Financial Experts Say That Juggling of Quotas is an Impractical Method." pp. A6500-1



## PRICE SUPPORT FOR MILK AND BUTTERFAT

---

AUGUST 29, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. COOLEY, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany S. 2917]

The Committee on Agriculture, to whom was referred the bill (S. 2917) to establish a price support level for milk and butterfat, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### STATEMENT

The purpose of this bill is to establish the support level for manufacturing milk and butterfat at approximately present market levels for the remainder of the milk marketing year (ending March 31, 1961). The average price received by farmers for the marketing year ending March 31, 1960, was \$3.23 for manufacturing milk and 59.5 cents for butterfat. The bill would tend to stabilize prices at about this level by establishing the support price at \$3.22 and 59.6 cents for manufacturing milk and butterfat respectively, thus preventing the possibility of a price decline which, in view of cost increases since April 1, 1958, would present a difficult problem to dairy farmers.

Hearings were held by the Dairy and Poultry Subcommittee on the following similar bills: H.R. 12238 by Mr. Johnson of Wisconsin, H.R. 12364 by Mr. Kastenmeier, H.R. 12389 by Mr. Flynn, H.R. 12394 by Mr. Wolf, H.R. 12407 by Mr. Breeding, and H.R. 12411 by Mr. Hogan. A bill identical with the Senate bill herewith reported was approved by the subcommittee and reported favorably to the full committee.

#### SENATE REPORT

Following is the text of the Senate report which discusses in some detail the further reasons for this legislation.

[S. Rept. 1592, 86th Cong., 2d sess.]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2917) to establish a price support level for milk and butterfat, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill would increase the support level for manufacturing milk and butterfat for the remainder of the current marketing year to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat. The announced support prices for this year of \$3.06 per hundredweight and 56.6 cents per pound are the same as have been in effect since April 1, 1958. The average price received by farmers for the marketing year ended March 31, 1960, was \$3.23 for manufacturing milk and 59.5 cents for butterfat. The bill would tend to stabilize prices at about this level and prevent the possibility of a price decline which, in view of cost increases since April 1, 1958, would present a difficult problem to dairy farmers.

Hearings were held by a subcommittee of this committee on May 19 and 20 and the printed hearings are now available. Passage of the bill was recommended by the National Milk Producers Federation, the National Farmers Union and all other witnesses, except the Department of Agriculture and the American Farm Bureau Federation.

The amendment recommended by the committee would make it clear that the bill is not intended to be retroactive. When the bill was introduced the current marketing year had not yet begun, and the bill was intended to be effective for the entire marketing year beginning April 1, 1960. The amendment would restrict it to the period from enactment until the end of the marketing year.

#### DEPARTMENTAL VIEW

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., March 22, 1960.*

HON. ALLEN J. ELLENDER,  
*Chairman, Committee on Agriculture and Forestry,*  
*U. S. Senate.*

DEAR SENATOR ELLENDER: This replies to your request of February 4 for a report on S. 2917, a bill to amend subsection (c) of section 201 of the Agricultural Act of 1949, as amended, by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the marketing year beginning April 1, 1960, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

This Department recommends that the bill not be enacted.

It is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions. The Agricultural Act



of 1949, as amended, now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity as will assure an adequate supply. The act leaves to the Secretary the determination of the support level, within the authorized range, that will accomplish the objectives of the act with respect to dairy products. This permits the Secretary to take into consideration the developments in production and consumption in determining the support level for each marketing year.

The announced support prices for the 1959-60 marketing year are \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices are 77 percent of the parity equivalent and parity prices as of the beginning of the marketing year. Further progress has been made toward closing the gap between production and consumption in commercial outlets. It has been necessary, however, to buy substantial quantities of dairy products during the year. It is estimated that the total purchases for the marketing year will contain about 2 percent of the milkfat and 9 percent of the nonfat milk solids marketed by farmers in the form of milk and cream for all uses. These price support purchase operations have been supplemented by special programs, involving substantial expenditures, to increase the consumption of milk by schoolchildren and military personnel.

Market prices of some dairy products rose above the CCC buying prices in the last 5 months of calendar year 1959. For the first 9 months (April-December) of the 1959-60 marketing year, the actual prices received by farmers averaged \$3.22 a hundredweight for manufacturing milk and 59.6 cents a pound for butterfat. This is the level that the bill seeks to maintain throughout the 1960-61 marketing year.

On January 8 the Department announced that the present support program for milk and butterfat would be continued through the 1960-61 marketing year. There is reasonable prospect that market conditions again will keep prices above the support level during part of the year. If market demand will not result in such a higher level, maintaining the higher level through support operations would tend to widen again the gap between production and consumption and to increase Government purchases. Continuation of the present program will provide assurance that prices to producers will not drop below the support level at any time during the next marketing year. Market conditions will be permitted to determine whether actual prices will be above this level.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,  
*Acting Secretary.*

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

(c) The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. *Notwithstanding the foregoing provisions, for the period beginning with the enactment of this sentence and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively.* Such price support shall be provided through loans on, or purchases of, milk and the products of milk and butterfat, and for the period ending March 31, 1956, surplus stocks of dairy products owned by the Commodity Credit Corporation may be disposed of by any methods determined necessary by the Secretary. For the period beginning September 1, 1954, and ending June 30, 1955, not to exceed \$50,000,000, and for the fiscal year ending June 30, 1956, not to exceed \$60,000,000, and for each of the two fiscal years in the period beginning July 1, 1956, and ending June 30, 1958, not to exceed \$75,000,000, of the funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in (1) nonprofit schools of high-school grade and under; and in (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children.





Union Calendar No. 981

86TH CONGRESS  
2D SESSION

**S. 2917**

[Report No. 2182]

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IN THE HOUSE OF REPRESENTATIVES

AUGUST 22, 1960

Referred to the Committee on Agriculture

AUGUST 29, 1960

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

---

**AN ACT**

To establish a price support level for milk and butterfat.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That subsection (c) of section 201 of the Agricultural Act  
4       of 1949 (7 U.S.C. 1446), as amended, is further amended  
5       by adding the following new sentence to be inserted imme-  
6       diately after the first sentence: "Notwithstanding the fore-  
7       going provisions, for the period beginning with the enact-  
8       ment of this sentence and ending March 31, 1961, the price  
9       of milk for manufacturing purposes and the price of butterfat  
10      shall be supported at not less than \$3.22 per hundredweight  
11      and 59.6 cents per pound, respectively."

Passed the Senate August 19, 1960.

Attest:

FELTON M. JOHNSTON,

*Secretary.*

86TH CONGRESS  
2D SESSION

**S. 2917**

[Report No. 2182]

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# AN ACT

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To establish a price support level for milk and  
butterfat.

---

August 22, 1960

Referred to the Committee on Agriculture

August 29, 1960

Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed









Aug. 30, 1960

Authorizes the President to reduce the quantity of non quota sugar purchased from any country against which collective economic sanctions are agreed to by the United States and other countries, pursuant to treaty, provided that a majority (as defined in the treaty) of such countries implement such sanctions, and with respect to 1960, do so before October 15, 1960. Also provides that if sugar purchases are required from any countries not having quotas, preference shall be given to those countries agreeing to purchase United States agricultural commodities.

9. PRICE SUPPORTS; MILK. The Rules Committee reported a resolution for consideration of S. 2917, to increase the price-support level for manufacturing milk and butterfat for the remainder of the current marketing year, from the date of enactment of the bill until Mar. 31, 1961, to not less than \$3.22 per hundred-weight for manufacturing milk and not less than 59.6 cents per pound for butterfat. p. 17185
10. FORESTRY. Passed without amendment S. J. Res. 209, providing for the establishment of an annual National Forest Products Week. This bill will now be sent to the President. pp. 17101-2  
Passed as reported H. R. 11917, to authorize the Secretary of Agriculture to convey a tract of forest land in Lassen County, Calif., to the city of Susanville. p. 17111  
Passed without amendment H. R. 12491, to authorize the Secretary of Agriculture to convey a tract of forest land to the county of Fremont, Wyo. p. 17112  
Passed without amendment S. 2959, to clarify the right of States to select certain public lands subject to any outstanding mineral lease or permit (pp. 17115-6). This bill will now be sent to the President. A similar bill, H. R. 10102 was tabled.
11. SURPLUS COMMODITIES. Passed without amendment S. 3146, to authorize CCC to donate dairy products and other agricultural commodities for use in home economics courses. This bill will now be sent to the President. p. 17112
12. ACREAGE ALLOTMENTS. Passed with amendment S. 3533, to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments. Agreed to an amendment by Rep. Poage to substitute the language of H. R. 12849. p. 17134
13. CONSERVATION. Passed without amendment S. 2761, to validate payments made for emergency conservation measures under the program authorized by the Third Supplemental Appropriation Act, 1957, which were carried out prior to enactment of the Act. The bill had been reported without amendment earlier in the day by the Agriculture Committee (H. Rept. 2204). This bill will now be sent to the President. pp. 17134, 17185
14. ELECTRIFICATION. Rep. Nelsen defended the administration against charges that it has not supported the REA program sufficiently, and Rep. McCormack and several others discussed this matter with him. pp. 17143-5
15. MILK MARKETING. Rep. Stratton defended Federal Milk Marketing Order No. 27 against criticisms which have recently been directed toward it. pp. 17165-7  
Rep. Pirnie spoke against a proposal for a congressional investigation of the Order, in view of the fact that the Department has appealed a recent decision of a district court. He inserted the court decision in the Record. pp. 17174-7.



16. FARM PROGRAM. Rep. Randall discussed the farm problem and recommended production control through payment-in-kind and allotments. pp. 17167-8
17. TAXATION. Received the conference report on H. R. 10960, to amend the Internal Revenue Code with respect to the excise tax on cigars. The conferees agreed to the Senate amendment permitting farmers to write off as an annual expense of operation the purchase of lime and fertilizer, with technical amendments. (H. Rept. 2214). pp. 17177-9
18. IMPORTS. Received the conference report on H. R. 12659, to suspend for a temporary period the import duty on heptanoic acid. The conferees agreed to the Senate amendment clarifying the law regarding free importation of certain waterproof fabrics. (H. Rept. 2212). pp. 17180-1
19. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 1092, to authorize the Cheney division, Wichita reclamation project (H. Rept. 2202), and S. 2195, to authorize the Dalles reclamation project (H. Rept. 2203). p. 17185
20. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 13021, to authorize assistance for development of Latin America and in reconstruction of Chile. p. 17185
21. FISH AND WILDLIFE. The conferees agreed to file a report on H. R. 2565, to promote fish and game conservation and rehabilitation in military reservations. p. D739
22. GRAIN STORAGE; PRICE SUPPORTS. The Government Operations Committee approved the following reports: "Commodity Credit Corporation Grain Storage Activities"; and "Price Support and Production Adjustment Activities" (p. D738). The Committee was granted permission to file these reports by midnight Wed., Aug. 31 (p. 17115).
23. INFORMATION. The Government Operations Committee approved a report, "Executive Branch Practices in Withholding Information From Congressional Committee." p. D738
24. WATERSHEDS. The Agriculture Committee approved work plans for watershed projects in Tex., Okla., Md., Va., N. Mex., Miss., Hawaii, Ga., and Colo. p. 17090
25. PASSED OVER the following bills:
  - H. R. 8074, to provide for the assignment of Agricultural Attaches to duty in the U. S. for 4 years without reduction in grade. p. 17170
  - H. R. 12419, to provide for advance consultation with the Fish and Wildlife Service and State wildlife agencies before beginning any Federal program involving the use of pesticides or other chemicals for mass biological controls. p. 17170
  - H. R. 6743, to provide for certain survivors' annuities in additional cases under the Civil Service Retirement Act. p. 17111
  - S. 2919, to provide for a study and investigation of the desirability and feasibility of establishing and maintaining a national tropical botanic garden. p. 17111



CONSIDERATION OF S. 2917

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AUGUST 30, 1960.—Referred to the House Calendar and ordered to be printed

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Mr. COLMER, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 636]

The Committee on Rules, having had under consideration House Resolution 636, reports the same to the House with the recommendation that the resolution do pass.

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86TH CONGRESS  
2D SESSION

House Calendar No. 278

# H. RES. 636

[Report No. 2208]

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 30, 1960

Mr. COLMER, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the Union  
4 for the consideration of the bill (S. 2917) to establish a price  
5 support level for milk and butterfat. After general debate,  
6 which shall be confined to the bill, and shall continue not to  
7 exceed one hour, to be equally divided and controlled by the  
8 chairman and ranking minority member of the Committee on  
9 Agriculture, the bill shall be read for amendment under the  
10 five-minute rule. At the conclusion of the consideration of  
11 the bill for amendment, the Committee shall rise and report  
12 the bill to the House with such amendments as may have

1 been adopted, and the previous question shall be considered  
2 as ordered on the bill and amendments thereto to final pas-  
3 sage without intervening motion except one motion to re-  
4 commit.

86TH CONGRESS  
2D SESSION**H. RES. 636**

[Report No. 2208]

**RESOLUTION**

Providing for the consideration of S. 2917, a  
bill to establish a price support level for milk  
and butterfat.

By Mr. COLMER

August 30, 1960

Referred to the House Calendar and ordered to be  
printed



joint resolution of the House of the following titles:

H.R. 900. An act to validate certain overpayments inadvertently made by the United States to several of the States and to relieve certifying and disbursing officers from liability therefrom;

H.R. 2069. An act for the relief of James H. Presley;

H.R. 2178. An act to authorize the Secretary of the Army to make certain changes in the road at White Branch, Grapevine Reservoir, Tex.;

H.R. 4059. An act to amend title 28 of the United States Code relating to actions for infringements of copyrights by the United States;

H.R. 6084. An act for the relief of J. Butler Hyde;

H.R. 6767. An act for the relief of Raymond Baurkot;

H.R. 7124. An act to require the payment of tuition on account of certain persons who attend the public schools of the District of Columbia, and for other purposes;

H.R. 7792. An act for the relief of Martin A. Mastandrea;

H.R. 8054. An act for the relief of William Edgar Weaver;

H.R. 8989. An act for the relief of Ralph W. Anderson;

H.R. 9377. An act to provide for the protection of forest cover for reservoir areas under the jurisdiction of the Secretary of the Army and Chief of Engineers;

H.R. 9406. An act for the relief of William J. Huntsman;

H.R. 9417. An act for the relief of Henry Kaloian;

H.R. 9432. An act for the relief of Maj. Edmund T. Coppinger;

H.R. 9958. An act for the relief of Brooklyn Steel Warehouse Co.;

H.R. 10431. An act for the relief of Isami Nozuka (also known as Isami Notsuka);

H.R. 10598. An act to clarify certain provisions of the Criminal Code relating to the importation or shipment of injurious mammals, birds, amphibians, fish, and reptiles (18 U.S.C. 42(a), 42(b)); and relating to the transportation or receipt of wild mammals or birds taken in violation of State, National, or foreign laws (18 U.S.C. 43), and for other purposes;

H.R. 11165. An act for the relief of Robert J. Reeves;

H.R. 11188. An act for the relief of Edward S. Anderson;

H.R. 11327. An act for the relief of Chauncey A. Ahalt;

H.R. 11390. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1961, and for other purposes;

H.R. 11420. An act for the relief of Ferdinand Hofacker;

H.R. 11460. An act for the relief of Edouard E. Perret;

H.R. 11486. An act for the relief of Richard J. Power;

H.R. 11813. An act to amend the Menominee Termination Act;

H.R. 12350. An act for the relief of Marion John Nagurski;

H.R. 12471. An act for the relief of Capt. Lucien B. Clark O2051623, MSC, U.S. Army;

H.R. 12475. An act for the relief of Claude L. Wimberly;

H.R. 12476. An act for the relief of John H. Esterline;

H.R. 12530. An act to authorize adjustment, in the public interest, of rentals under leases entered into for the provision of commercial recreational facilities at the John H. Kerr Reservoir, Va.-N.C.;

H.R. 12533. An act to amend the Migratory Bird Treaty Act to increase penalties for violations of that act, and for other purposes;

H.R. 12563. An act to amend the act entitled "An act to provide additional revenue for the District of Columbia, and for other purposes," approved August 17, 1937, as amended;

H.R. 12619, making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1961, and for other purposes; and

H.J. Res. 658. Joint resolution to authorize and request the President to issue a proclamation in connection with the centennial of the birth of Jane Addams, founder and leader of Chicago's Hull House.

#### ADJOURNMENT

Mr. PORTER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p.m.), the House adjourned until tomorrow, Wednesday, August 31, 1960, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

2430. Under clause 2 of rule XXIV, a letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation entitled "a bill to amend section 1037 of title 10, United States Code, to authorize payment of costs for certain United States nationals before foreign tribunals", was taken from the Speaker's table and referred to the Committee on Armed Services.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 10311. A bill providing that certain provisions of Public Law 335 dated October 7, 1949 (63 Stat. 724), shall apply to the Mercedes division of the lower Rio Grande rehabilitation project, Texas; with amendment (Rept. No. 2201). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. S. 1092. An act to provide for the construction of the Cheney division, Wichita Federal reclamation project, Kansas, and for other purposes; with amendment (Rept. No. 2202). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. S. 2195. An act to authorize the Secretary of the Interior to construct, operate, and maintain the western division of The Dalles Federal reclamation project, Oregon, and for other purposes; with amendment (Rept. No. 2203). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. S. 2761. An act to validate payments made for certain emergency conservation measures under the program authorized by the Third Supplemental Appropriation Act, 1957; without amendment (Rept. No. 2204). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. Report pursuant to section 136 of Legislative Appropriation Act of 1945, Public Law 601, 79th Congress; without amendment (Rept. No. 2205). Referred

to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. House Resolution 623. Resolution relative to the operation of the Panama Line; with amendment (Rept. No. 2206). Referred to the House Calendar.

Mr. DAWSON: Committee on Government Operations. Twenty-fifth report of the Committee on Government Operations; without amendment (Rept. No. 2207). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLMER: Committee on Rules. House Resolution 636. Resolution for the consideration of S. 2917. An act to establish a price support level for milk and butterfat; without amendment (Rept. No. 2208). Referred to the House Calendar.

Mr. O'NEILL: Committee on Rules. House Resolution 637. Resolution for the consideration of H.R. 13021. A bill to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes; without amendment (Rept. No. 2209). Referred to the House Calendar.

Mr. BONNER: Committee on Merchant Marine and Fisheries. S. 3018. An act to authorize the Maritime Administration to make advances on Government-insured ship mortgages; with amendment (Rept. No. 2210). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMAS: Committee of conference. H.R. 13161. A bill making supplemental appropriations for the fiscal year ending June 30, 1961, and for other purposes (Rept. No. 2211). Ordered to be printed.

Mr. MILLS: Committee of conference. H.R. 12659. A bill to suspend for a temporary period the import duty on heptanoic acid (Rept. No. 2212). Ordered to be printed.

Mr. MILLS: Committee of conference. H.R. 12536. A bill relating to the treatment of charges for local advertising for purposes of determining the manufacturers sale price (Rept. No. 2213). Ordered to be printed.

Mr. MILLS: Committee of conference. H.R. 10960. A bill to amend section 5701 of the Internal Revenue Code of 1954 with respect to the excise tax on cigars (Rept. No. 2214). Ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPINALL:

H.R. 13218. A bill to provide for the construction, operation, and maintenance of the Savery-Pot Hook Federal reclamation project, Colorado-Wyoming; to the Committee on Interior and Insular Affairs.

By Mr. BAILEY:

H.R. 13219. A bill to provide certain payments to assist in providing improved educational opportunities for children of migrant agricultural employees; to the Committee on Education and Labor.

H.R. 13220. A bill to authorize the Commissioner of Education to enter into contracts for the education of children of migrant agricultural employees, and to provide for fellowships for training teachers of such children; to the Committee on Education and Labor.

By Mr. BLATNIK:

H.R. 13221. A bill to establish the National Foundation on Aging; to the Committee on Education and Labor.

By Mr. INOUE:

H.R. 13222. A bill to provide that the Secretary of State shall investigate and report to the Congress as to the feasibility of establishing a Pacific International House on Sand Island, Hawaii; to the Committee on Foreign Affairs.



By Mr. MARTIN:

H.R. 13223. A bill to amend the Tariff Act of 1930, as amended, with respect to the duties on hair of the cashmere goat; to the Committee on Ways and Means.

By Mr. MILLS:

H.R. 13224. A bill to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials, opened for signature at Lake Success on November 22, 1950; to the Committee on Ways and Means.

By Mr. THOMSON of Wyoming:

H.R. 13225. A bill to provide for the construction, operation and maintenance of the Savery-Pot Hook Federal reclamation project, Colorado-Wyoming; to the Committee on Interior and Insular Affairs.

By Mr. TOLL:

H.R. 13226. A bill to amend the United States Information and Educational Exchange Act of 1948 to provide for counseling and other assistance to foreign students attending colleges or universities in the United States; to the Committee on Foreign Affairs.

By Mr. WESTLAND:

H.R. 13227. A bill to create the Freedom Commission for the development of the science of counteraction to the world Communist conspiracy and for the training and development of leaders in a total political war; to the Committee on Un-American Activities.

By Mr. COOLEY:

H.R. 13228. A bill to further amend the Trade Agreements Extension Act of 1951, as

amended; to the Committee on Ways and Means.

By Mr. BRADEMAS:

H.J. Res. 803. Joint resolution to provide for the compilation of rubber footwear import statistics by type of footwear; to the Committee on Ways and Means.

By Mr. WESTLAND:

H.J. Res. 804. Joint resolution to authorize the Secretary of Commerce to construct a modern stern ramp trawler to be used for research purposes and authorizing the appropriation of funds; to the Committee on Merchant Marine and Fisheries.

By Mr. GREEN of Pennsylvania:

H. Con. Res. 732. Concurrent resolution expressing the sense of Congress in favor of granting relief to the domestic carpet industry; to the Committee on Ways and Means.

By Mr. BENNETT of Florida:

H. Res. 635. Resolution to provide for an investigation of the Department of Defense directive on transportation of household goods of military and civilian personnel; to the Committee on Rules.

### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Montana:

H.R. 13229. A bill for the relief of Shi-Kuang Yao; to the Committee on the Judiciary.

By Mr. MARTIN:

H.R. 13230. A bill for the relief of Sih Chuen Liu; to the Committee on the Judiciary.

By Mr. RILEY:

H.R. 13231. A bill for the relief of Jagat Kumar Kaul; to the Committee on the Judiciary.

By Mr. SHELLEY:

H.R. 13232. A bill for the relief of Necasio Agustin, Artemio Agustin, and Gloria Agustin; to the Committee on the Judiciary.

H.R. 13233. A bill for the relief of Leonila Tolentino and Gloria Tolentino; to the Committee on the Judiciary.

By Mr. SHEPPARD:

H.R. 13234. A bill to authorize the conveyance to the former owner thereof of certain property at Cheli Air Force Depot, Los Angeles County, Calif., when such property is declared surplus to the needs of the United States; to the Committee on Government Operations.

By Mr. WEIS:

H.R. 13235. A bill for the relief of Antonio Folliero; to the Committee on the Judiciary.

### PETITIONS, ETC.

Under clause 1 of rule XXII,

539. Mr. STRATTON presented a petition of Mr. Sam Caparossi, Gloversville, N.Y., secretary-treasurer, and 18 other members of local 234 of the International Barbers Union urging adoption of H.R. 11418; to the Committee on Ways and Means.









Aug. 31, 1960

participation in the Indian Industries Fair to be held in New Delhi in Nov. and Dec. 1961. (See Digest 146 for previous actions on items of interest to this Department.)

12. FOREIGN AID. Passed with amendments H. R. 13021, to authorize the appropriation of \$500 million for economic assistance for Latin America, and \$100 million for the reconstruction and rehabilitation of Chile (pp. 17351-73). Agreed to an amendment by Rep. Bentley to provide that none of the \$500 million authorization shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanction by the Organization of American States (p. 17372).

The Senate later passed this bill, H. R. 13021, without amendment. This bill will now be sent to the President. (p. 17315)

13. PRICE SUPPORTS; MILK. Passed, by a division vote of 171 to 32, without amendment S. 2917, to increase the price-support level for manufacturing milk and butterfat for the remainder of the current marketing year, from the date of enactment of the bill until Mar. 31, 1961, to not less than \$3.22 per hundredweight for manufacturing milk and not less than 59.6 cents per pound for butterfat. (pp. 17373, ~~17376~~-34) This bill will now be sent to the President.

14. TAXATION. Both houses agreed to the conference report on H. R. 10960, to amend the Internal Revenue Code with respect to the excise tax on cigars, and to permit farmers to write off as an annual expense of operation the purchase of lime and fertilizer. Certain clerical amendments, and a technical amendment to clarify the definition of the term "land used in farming" were made by the conferees. (p. 17385, 17239-40) This bill will now be sent to the President.

15. IMPORTS. Both Houses agreed to the conference report on H. R. 12659, to suspend for a temporary period the import duty on heptanoic acid, which contained, as reported by the conferees, a Senate amendment clarifying the law regarding free importation of certain waterproof fabrics. (pp. 17386-7, 17237, 17238) This bill will now be sent to the President.

16. LANDS. Passed as reported S. 3212, to direct the Secretary of the Interior to convey certain public lands in Nevada to the county of Mineral. pp. 17387-8  
Passed as reported S. 1670, to provide for the granting of mineral rights in certain homestead lands in the State of Alaska. pp. 17392  
Passed as reported S. 3267, to amend the act of Oct. 17, 1940, relating to the disposition of certain public lands in Alaska.

17. RECLAMATION. Passed as reported S. 2195, to authorize the Secretary of the Interior to construct, operate and maintain the western division of the Dalles Federal reclamation project, Oregon. pp. 17390-1  
Passed as reported S. 1092, to provide for the construction of the Cheney division, Wichita Federal reclamation project, Kan. pp. 17391-2  
Passed as reported H.R. 10311, providing that certain provisions of Public Law 335 dated Oct. 7, 1949, shall apply to the Mercedes division of the lower Rio Grande rehabilitation project. pp. 17392-3

18. FLOOD CONTROL. Rep. Henderson commended the Congress for appropriating the funds necessary for the completion of the Dillon Reservoir on the Licking River in Ohio. p. 17398

19. CONSERVATION RESERVE. Rep. Schwengel accused the Democrats for failure to pass legislation to extend the conservation reserve program which he called "one of our most valuable and effective farm programs." p. 17405
20. WILDLIFE. Both houses received the conference report on H.R. 2565, to promote effectual planning, development, maintenance and coordination of wildlife, fish, and game conservation and rehabilitation in military reservations (H. Rept. 2222), and the Senate agreed to the report. pp. 17297, 17405-6

ITEMS IN APPENDIX

21. PERSONNEL; VETERINARIANS. Extension of remarks of Rep. Canfield inserting an American Veterinary Medical Association resolution requesting the Civil Service Commission to conduct a "complete occupational study and survey" of veterinary positions" in this Department. p. A6609
22. PUBLIC DEBT. Rep. McCormack inserted a Library of Congress statement showing the status of public and private debts by years 1952-59. pp. A6615-6
23. PAYROLLING. Extension of remarks of Rep. Broyhill inserting a bulletin, "Summary of One-Check-Payroll Services What Are 'One-Check-Payroll Services?'" p. A6618

BILLS INTRODUCED

24. FOREIGN TRADE. S. 3918, by Sen. Javits, to assist business enterprises, communities, and individuals to make necessary adjustments required by changed economic conditions resulting from the trade policies of the U. S.; to Finance Committee. p. 17193 Remarks of author, pp. 17193-7
25. PROPERTY. S. 3921, by Sen. Hartke, for himself and Sen. Capehart, to authorize certain property located in the State of Indiana to be made available for use by the Clark County 4-H Club, Inc., Clark County, Ind.; to Armed Services Committee. p. 17193 Remarks of author, p. 17197

\*(This is a partial report; the balance of the proceedings for August 31 have not yet been printed.)



(b) Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period "*Provided, however, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411 (b) and 411 (c) of this Act*".

Mr. MORGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORGAN: On page 6, strike out line 1 and all that follows down through line 6; and on page 6, line 7, strike out "(b)" and insert in lieu thereof "SEC. 4."

Mr. MORGAN. Mr. Chairman, this amendment simply strikes out the request for increased authorization in the contingency fund. I ask for its adoption.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. May I ask why this is done, Mr. Chairman?

Mr. MORGAN. Well, the gentleman knows that the Committee on Appropriations has already approved the increase in the contingency fund. They increased it from \$150 million to \$250 million, and the authorization is no longer necessary.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN]. The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 13021) to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes, pursuant to House Resolution 637, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. In a separate vote demanded on any amendment? If not, the chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. ADAIR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ADAIR. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill H.R. 13021 to the Committee on Foreign Affairs.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the yeas had it.

The SPEAKER. The Chair will count. [After counting.] Two hundred and eighteen Members are present, a quorum.

Mr. GROSS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on passage of the bill.

Mr. WILLIAMS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3861) to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes, a similar bill to the one just passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Speaker, I object.

#### PRICE SUPPORT FOR MILK AND BUTTERFAT

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 636 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2917) to establish a price support level for milk and butterfat. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I yield the usual 30 minutes to gentleman from Ohio [Mr. BROWN], and pending that I yield myself such time as I may require.

Mr. Speaker, as the reading of the rule indicates this is a rule making in order the consideration of the bill S. 2917, to establish a price support level for milk and butterfat. The rule provides for 1 hour of general debate and is an open rule. The bill will be explained when we go into the Committee of the Whole.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use, and

ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Mississippi has said, this resolution makes in order the consideration of the bill S. 2917, a bill which will change slightly the price supports for milk and butter fat for the period which will expire on March 31, 1961. The members of the Committee on Agriculture, from which this measure was reported, and I understand was unanimously reported, will of course explain in full the exact content and purpose of this measure.

Mr. Speaker, I have asked permission to speak out of order at this time in so I may, as the oldest member of the Ohio Republican delegation, in point of service, at least, call the attention of the House to the fact that three very distinguished Members of this body, three very distinguished Ohioans, will leave the Congress voluntarily when the Speaker's gavel falls for the sine die adjournment of this session.

These three gentlemen I have mentioned include, first of all, a man who has served with great distinction 28 years in this House, Representative WILLIAM E. HESS, of the Second Congressional District of Ohio. Mr. Hess originally served, as you will recall, on the Committee on Military Affairs, and then later has served his country just as ably and well, as a member of the important House Committee on Armed Services.

It has been my pleasure to know Representative HESS, Bill Hess, as we all know him and love him, since he was a small lad. His father, also named William E. Hess, was long one of the outstanding citizens of Ohio. He was one of my warmest personal friends, and helped start me on my political career some 43 years ago.

BILL HESS, as a member of the Committee on Armed Services has saved this country untold millions of dollars. Many of you will recall that as chairman, and as ranking member, of a special subcommittee investigating defense contracts and military spending he and his colleague, the gentleman from Louisiana [Mr. HEBERT], working together exposed a great deal of waste and extravagance in military procurement, and brought about economies which saved millions, even hundreds of millions of dollars of the taxpayers' money.

WILLIAM E. "BILL" HESS retires from Congress of his own volition, although the people of his own congressional district and those of us who have served with him here urged him to continue his service here. It will be difficult to fill his place in the Congress of the United States, or in the hearts of those of us who learned to know him and to love him for the real gentleman that he is, and always has been.

Then, Mr. Speaker, we will lose from this Congress, when the final gavel falls, another Ohioan, A. D. BAUMHART, JR.—DAVE, as we call him—from the 13th Congressional District of Ohio. He has



served 8 years in the Congress of the United States. He was first elected to the 77th Congress, from which he resigned to enter the service of his country in the United States Navy, where he had a brilliant career as a naval officer and true patriot.

DAVE BAUMHART also served his party well in the State Republican organization of Ohio, and in the Republican National Committee here in Washington. He was, for a great while a member, and still is, a Member of the Committee on Merchant Marine and Fisheries, and also of the Committee on Space and Astronautics, where he has served ably and well. He is a man, as you all know, of charming personality and of great ability. He is in the prime of life. I am sure he will soon take an important place in the business and industrial life of our country. We all regret to see him make the decision, of his own volition, to retire from these legislative halls.

Then, Mr. Speaker, I call attention to the retirement of a third Member of our Ohio delegation, JOHN E. HENDERSON, of the 15th Congressional District, and of Cambridge, Ohio. JOHN E. HENDERSON, or "JACK," as we all know him, has served three terms in the House of Representatives. For a time, he was a member of the important Committee on Banking and Currency and, more recently, of course, has served with great distinction on the Committee on the Judiciary of the House. JOHN HENDERSON is a very able lawyer. He has a fine and wonderful family. We all regret that he has determined he should return to the private practice of law, rather than to continue his labors and service here in the Congress of the United States where he has served so ably and so well.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Kansas.

Mr. AVERY. Mr. Speaker, I thank the gentleman from Ohio for yielding. On this side of the aisle, and I am sure on both sides of the aisle, we will miss all the Members that the gentleman from Ohio [Mr. BROWN] has spoken of who will not return to the Congress next year.

Mr. Speaker, I would particularly want to pay tribute to our colleague of the Ohio delegation, JACK HENDERSON. JACK came to the Congress the same year I did, in the 84th Congress. We have been close friends both socially and legislatively since that time. The gentleman from Ohio remarked about Mr. HENDERSON retiring from the Congress to return to his native State of Ohio to practice law. Mr. Speaker, this is a departure from the usual proverb, on Capitol Hill that is the only way to leave the Congress is to die or to be defeated. But here we have an outstanding young Member of the Congress who has performed yeoman service for his country and for his party, and by his own volition, he has elected to return to his native State of Ohio. Certainly, the great loss that will be sustained by the Congress, we hope, will be recaptured by his native State of Ohio.

(Mr. AVERY asked and was given permission to revise and extend his remarks.)

[Mr. HALLECK addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. BROWN of Ohio. I thank the minority leader very much and yield to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Speaker, we Ohio Republicans are losing three of our most useful and beloved Members. Each has his own legitimate reasons for leaving this body, but we let them go very reluctantly. Indeed, our delegation will be longing for them in the succeeding sessions.

JOHN HENDERSON—Judiciary Committee—is a quiet fellow but such a firm, strong pillar of loyal Americanism. It is hard to part with him. Our loss will be his family's gain. His charming wife leaves her own mark on our delegation. May many years of joyous companionship be theirs.

DAVE BAUMHART—Merchant Marine and Fisheries, and Science and Astronautics—is another one of our stalwarts. In between his services here in this House he served us all through the Republican National Committee, and what an understanding person we always found him to be. But good luck to you in all you do, DAVE.

To me, to have BILL HESS—Armed Services—leave this body is a peculiarly poignant regret. He and his lovely wife were in and out of our home in the years when my good husband represented the 22d District of Ohio. In these 20 years of my incumbency he has been a tower of strength and a wonderful friend. We in the delegation will miss his stories, his guitar and his songs. Here in the House we shall be wishing for his forceful, quiet opinions and his smiling sanity. To you and Stella, BILL, my warm and affectionate good wishes. May long years of satisfying memories and pleasant living lie ahead of you.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BETTS].

Mr. BETTS. Mr. Speaker, the State of Ohio is extremely unfortunate in losing the services of three of its Members of Congress, WILLIAM HESS, A. D. BAUMHART, Jr., and JOHN HENDERSON. Each of these men is retiring voluntarily after rendering distinguished service to their respective districts as well as to the Nation.

BILL HESS has been a respected and valuable member of the Armed Services Committee for many years and has contributed much to the solution of difficult and complex problems of defense.

DAVE BAUMHART, whose congressional career was interrupted by military service during World War II, has been an outstanding member of the Committee on Merchant Marine and Fisheries as well as the recently formed Committee on Science and Astronautics.

JOHN HENDERSON's abilities while serving on the Banking and Currency and Judiciary Committees was recognized by his colleagues of both parties.

All of these men are capable public servants—admired and respected by everyone who has known and worked with them over the years. As one who

has been a close personal friend of each of them, I want to express my affection for them as well as my sadness at their departure from Congress. I join all of our colleagues in wishing them the very best of everything in the future.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Ohio [Mr. SCHERER].

Mr. SCHERER. Mr. Speaker, unfortunately, the Ohio delegation is losing three outstanding Members of the Congress who, for different reasons, have decided to retire. However, there may be others of us who, after the November 8 elections, will wish that we had followed their example and retired voluntarily. I am confident, however, that BILL HESS, DAVE BAUMHART, and JACK HENDERSON, because of the outstanding service they have rendered and the high esteem in which they are held by their constituents, would have been returned to the 87th Congress by overwhelming majorities had they decided to seek reelection.

While I have known DAVE BAUMHART and JACK HENDERSON since I came to the Congress, and there are no two finer men who ever served in this body, the Hess and Scherer families were friends and neighbors before I was born. We lived on the same street in the same precinct.

No man had finer parents than BILL HESS. His father was a stalwart uncompromising Republican but one of the most universally liked men I ever had the privilege of knowing. I do not believe that I would be in the Congress of the United States if it were not for the late William Hess, Sr. It was he who encouraged me and gave me my first opportunity in political activity. BILL HESS has all of the same fine qualities, character, and personality as did his parents. He, too, is universally liked and respected, not only by the people of the Second Congressional District who have returned him to this Congress time and time again over the last 30 years but also by his colleagues in the Congress and the many friends he has made in all parts of the United States during his many years of outstanding, dedicated, and unselfish service to his country.

The districts which BILL HESS and I represent in the Congress include the greater Cincinnati area. In one sense it might be said that they overlap. This creates problems political and otherwise that sometimes are difficult to resolve. As I have said and acknowledged many times before, ever since I came to the Congress 8 years ago BILL HESS has been a tremendous help to me. In all that time there has not been a single instance of animosity or ill-will. There has not been one instance when problems and difficulties have not been resolved without rancor and with the utmost mutual understanding and respect. This has been possible because BILL HESS is the kind of a man his colleagues here in the House know him to be. For this relationship, I am deeply and profoundly grateful.

By BILL HESS' retirement not only the people of Cincinnati but the country are losing an able, dedicated, and conscien-



tious Representative in the Congress of the United States.

I join with all of you in wishing BILL and his good wife Stella many years of a well-deserved and happy retirement.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Ohio [Mr. McCULLOCH].

Mr. McCULLOCH. Mr. Speaker, Ohio will be without the able, effective and experienced services in the next Congress, of three of its outstanding Members, who are voluntarily retiring.

WILLIAM E. HESS, dean of the Ohio delegation in years of service and chairman of the Republican delegation in the House was really a young Republican when he was first elected to Congress in 1928.

He came from a family schooled in public affairs and even before 1928 he had been off to the war and had had 4 years' service on the Cincinnati City Council.

He was the young friend and protege of the late great Nicholas Longworth, longtime Speaker of the U.S. House of Representatives. His work on the several committees on which he served was always most carefully done but his work on the old Naval Affairs Committee throughout World War II, and in the meantime, with the exception of 2 years when he was not a Member of Congress, as a member of the Committee on Armed Services, has been outstanding.

His calm and persuasive approach to some of the most difficult and important problems of our times will be remembered a long, long time.

A. D. BAUMHART, JR., is voluntarily leaving us, too. I have known DAVE favorably and well for almost a quarter of a century.

DAVE was a handsome young State senator when I was a member of the Ohio House of Representatives in the late thirties. He was an able State senator and was soon sent to the U.S. House of Representatives. Soon thereafter we were in World War II and DAVE resigned to enter the Navy where he served more than 50 months with courage and distinction.

He was again elected to the House in 1954, was the State and regional whip and he leaves a record of the best. We will sorely miss his able appraisal of the trend of the times, and the courage of his nonconformity with the majority, when his conscience so dictated. Do visit and advise us often.

And JOHN E. HENDERSON is voluntarily leaving us at the very beginning of what would have surely been a long and effective tenure in the House of Representatives.

He too was schooled in the General Assembly of Ohio and his influence was felt from the very first meeting of his first committee.

Near the end of the 85th Congress he became a member of the House Committee on the Judiciary. His wide knowledge of the law, his logical and just thinking, along with his courage marked him as an able lawyer and a dependable legislator from the very first.

He will be sorely missed by every one of his colleagues on the Judiciary Com-

mittee and his district, his State and his Nation will miss his good services with the end of the 86th Congress.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Ohio [Mr. Bow].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Speaker, I join with my colleagues in paying tribute to the three gentlemen from Ohio who are leaving Congress this year.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Ohio [Mr. SCHENCK].

Mr. SCHENCK. Mr. Speaker, I wish to associate myself with the very fine remarks about our colleagues who are retiring this year.

Mr. Speaker, it has been a great privilege and one for which I shall always be grateful to serve here in the Congress of the United States alongside some really great and stalwart Americans. I refer, of course, to many, but more especially my colleagues from the great State of Ohio.

Somehow, Mr. Speaker, the members of our Ohio delegation are really quite special and our association together has not only been really pleasant but my colleagues from Ohio have performed very outstanding service in the best interest of our entire Nation. Fortunately, members of the Ohio delegation have each been assigned to most of the major committees of the House. There is a spirit of close friendship and a willingness to help each other in every possible way.

Mr. Speaker, no Member of the House from the State of Ohio, to the best of my knowledge, has ever told another Member from Ohio how he should vote on any issue but to the contrary has always been willing to furnish any and all information possible to any colleague upon request. This has been extremely helpful to each of us many times and has enabled us to better understand the measures recommended by the various legislative committees.

Mr. Speaker, three of the very valuable and highly respected Members of the House from the State of Ohio are voluntarily retiring this year. I refer, of course, to the Honorable WILLIAM HESS, the Honorable DAVE BAUMHART, and the Honorable JOHN HENDERSON. It has been a real privilege and honor to serve with them. We shall miss each and every one of them. Not only because they are strong and great legislators who have always placed the good of our Nation first in their thinking, their actions, and their decisions, but they have also been understanding and true friends to each of us.

Mr. Speaker, I shall miss them very much personally. I want to express to each of them my deep personal appreciation for their friendship and to express the very sincere hope that each of them and their families have many more happy, healthful, and fruitful years.

Mr. BROWN of Ohio. Mr. Speaker, I yield to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, I wish to join the many friends of BILL HESS, JOHN HENDERSON, and DAVE BAUMHART. They

are all men possessed of ability and imagination. All three have been industrious and accomplished a great deal of good for their districts, the state and the nation. We shall miss them, but we wish them continued success in whatever fields they enter upon their retirement.

Mr. COOK. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Ohio.

Mr. COOK. I as a Democratic Member am glad to join my colleagues on the other side of the aisle in paying well-deserved tribute to these three colleagues from Ohio who are leaving. I wish them well throughout the future. I am sorry to see them leave—in a certain sense, at least.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. HECHLER. Mr. Speaker, coming from the neighboring State of West Virginia across the river from Ohio, I would like to join with my good and able friend [Mr. BROWN], in paying tribute to our three retiring colleagues from the Buckeye State—Representatives HESS, BAUMHART, and HENDERSON. DAVE BAUMHART served with me on the House Committee on Science and Astronautics, and helped us write the record which resulted in the choice of this group as the Committee of the Year by nationally syndicated columnist Holmes Alexander.

I would like to speak a particular word or two about JOHN HENDERSON. Not only does he represent the congressional district directly across the Ohio River from the northern section of my own West Virginia district, but his office for the past 2 years has been directly across the hall from mine. I would like to thank JOHN HENDERSON and his fine staff for all of the help which they have given me and my own staff. I recall the first day I came to the Old House Office Building, before my own office was open or available, and I stumbled into JOHN HENDERSON's office. There I was warmly greeted by Representative HENDERSON's top assistant, L. Vincent Monzel, who gave me office space until such time as I could get settled in my own office. It was one of those fine gestures of courtesy which one always associates with Congressman HENDERSON's staff personnel.

Yes, Mr. Speaker, we shall miss these fine members in the years to come, and I hope the gentleman from Ohio [Mr. BROWN] will allow me to make the observation that I trust I shall be here in this body next January to greet their successors.

(Mr. HECHLER asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I believe the many statements we have heard from various Members of the House testify to the love and affection we all hold for the three retiring Members from Ohio, BILL HESS, DAVE BAUMHART, and JACK HENDERSON.

I believe that I express the wish of each and every one of us when I say, Godspeed to all of you, may you have good health and many long years of happy and successful life.



## GENERAL LEAVE TO EXTEND

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the public service of Mr. HESS, Mr. BAUMHART, and Mr. HENDERSON.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

## INCREASING DAIRY PRICE SUPPORTS

(Mr. BENTLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BENTLEY. Mr. Speaker, I should like to include and make a part of the CONGRESSIONAL RECORD the following letter which I received from the Michigan Milk Producers Association, signed by Glenn Lake, president:

MICHIGAN MILK PRODUCERS ASSOCIATION,  
Detroit, Mich., August 24, 1960.

The Honorable ALVIN M. BENTLEY,  
House Office Building,  
Washington, D.C.

DEAR MR. BENTLEY: On August 19, the Senate passed bill S. 2917 to increase dairy price supports for the balance of this marketing year from the present \$3.06 to \$3.22 per hundredweight for manufacturing milk. A companion bill, H.R. 12238, is now before the House Agricultural Committee.

In urging your support of H.R. 12238, we wish to call your attention to the following facts:

1. For a number of years dairy farmers have been the victims of rapidly rising costs and lower milk prices.

2. Lower milk prices paid to farmers have not brought about a reduction in milk production. From 1952-59 minimum price supports have been reduced from \$3.74 to \$3.06. In 1952 dairy farmers marketed 97.7 billion pounds of milk for total cash receipts of \$4.6 billion. In 1959 dairy farmers were compelled to market 112.6 billion pounds in order to get the same \$4.6 billion cash receipts.

3. While prices paid to dairy farmers have been forced down, prices to consumers have gone up. In 1954 the national average retail price for a quart of milk was 22.5 cents—in 1959 it was 24.9 cents, an increase of \$1.104 per hundred pounds to the consumer, while price supports to dairy farmers were reduced \$0.68 per hundredweight.

4. Increasing support levels to \$3.22 would cost the Government only 3.5 million additional dollars for the same amount of dairy products as purchased by the CCC last year. However, this would mean an additional \$180 million to the Nation's dairy farmers, \$8 million to Michigan.

For these and other reasons we urge you to request the Agricultural Committee to report the bill out and we earnestly solicit your favorable support on passage of the bill.

Sincerely yours,

GLENN LAKE,  
President.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

## CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 201]

Alger	Grant	Moore
Anderson, Mont.	Green, Oreg.	Murray
Ashmore	Hargis	Oliver
Auchincloss	Hays	Powell
Ayres	Hobert	Preston
Barden	Hess	Rains
Baumhart	Holifield	Riley
Bolling	Irwin	Rogers, Colo.
Brooks, La.	Jackson	Rogers, Mass.
Buckley	Johnson, Md.	Shipley
Canfield	Kilburn	Sikes
Cederberg	Kluczynski	Sisk
Celler	Lafore	Smith, Kans.
Chamberlain	Landrum	Springer
Davis, Tenn.	Lipscomb	Taylor, N.Y.
Dawson	Loser	Thompson, La.
Diggs	McDowell	Thompson, N.J.
Dooley	McSween	Udall
Doyle	Macdonald	Vinson
Durham	Machrowicz	Whitener
Ewins	Magnuson	Willis
Fogarty	Martin	Wilson
Ford	Mason	Withrow
Forrester	Miller, N.Y.	
	Mitchell	

The SPEAKER. On this rollcall, 358 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

## CORRECTION OF VOTE

Mr. BUDGE. Mr. Speaker, on rollcall No. 189 on August 23 I am recorded as not being present. I was present and voted "aye." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

## PRICE SUPPORT FOR MILK AND BUTTERFAT

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2917) to establish a price-support level for milk and butterfat.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2917, with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 30 minutes and the gentleman from Ohio [Mr. HOEVEN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

## GENERAL LEAVE TO EXTEND

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all Members de-

siring to do so may extend their remarks in the RECORD at this point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McGOVERN. Mr. Chairman, as the House sponsor of the measure before us, I hope that the House will speedily adopt this bill. It is designed to stabilize dairy prices so that our farmers can be spared a drop in prices for the balance of this marketing year.

This is not an unreasonable bill. It sets price supports on manufacturing milk at \$3.22 per hundredweight instead of the present \$3.06. It sets the price level on butterfat at 59.6 cents per pound instead of the present 56.6 cents.

Actually the price support levels proposed in this bill represent the average market prices of the past marketing year. The legislation will simply make certain that a price drop does not happen for the balance of the marketing year.

During the hearing before the Rules Committee on our dairy bill yesterday, the gentleman from Massachusetts [Mr. O'NEILL] asked me if this bill would raise milk prices to consumers. I pointed out to him that milk producers today are receiving 18 percent less than they were in 1952. Yet, consumers are paying 5 cents a quart more. In other words, there is very little relationship between the prices farmers receive and the prices paid by consumers.

Mr. Chairman, few people work as hard as our dairy farmers do for so little income. Furthermore, the costs of operating a dairy farm are one-third higher today than they were 10 years ago.

Let us pass this modest effort to protect our dairy farmers. It is not a solution to the farm problem, but it is a worthwhile step related to one commodity.

What is needed is a comprehensive family farm income bill of the kind some of us fought to have passed throughout this congressional session. We were fought every step of the way by all the power and propaganda the administration and the Department of Agriculture could muster.

Mr. Benson has instructed the President to veto five major bills passed by the Congress in the last 5 years. The President vetoed comprehensive legislation to set price support levels at 90 percent of parity in 1956. He vetoed a milk price support bill in 1957 that would have set support levels at \$3.25 per hundredweight. He vetoed a bill in 1958 to prevent farm prices from falling below 1957 levels. He vetoed the 90 percent parity wheat bill in 1959.

Now, Mr. Benson is opposed even to this bill that simply holds dairy prices from falling below average market prices. If we pass this bill and the President signs it, that will be the kind of clear-cut repudiation of Mr. Benson by both the Congress and the White House that is long overdue.

Mr. KASTENMEIER. Mr. Chairman, I rise in support of the bill, S. 2917, as passed by the Senate and reported by the House Committee on Agriculture. I am a sponsor of a similar bill, H.R. 12364.



The announced support prices for the 1959-60 marketing year are \$3.06 a hundredweight for manufacturing milk and 56.6 cents a pound for butterfat. These prices are 77 percent of the parity equivalent as of the beginning of the marketing year.

The average prices received by farmers for the previous marketing year, ended March 31, 1960, were \$3.23 for manufacturing milk and 59.5 cents for butterfat.

This average can give us little comfort, because many farmers actually received only the farm lower support price paid by the Government. In fact, nearly 10 percent of the nonfat milk solids marketed by farmers during the year were bought by the Government at its low prices. During the 1959-60 marketing year the Commodity Credit Corporation purchased 136 million pounds of butter and 50 million pounds of cheese. The Agriculture Department also purchased 857 million pounds of nonfat dry milk. Additional purchases of milk were made to supply the school milk programs and the military. Clearly a substantial number of farmers received only 77 percent of the parity price for their production.

Under this administration the dairy farmer has been caught with rising costs and decreasing returns for his efforts. Farm income has dropped almost 25 percent while the cost of living has risen 6 percent during the past 8 years.

This price situation is having a long-range effect on American farming which could be disastrous to our future food supply. Recent 1960 Agriculture census figures provided me by the Department of Commerce demonstrates my point.

For example, the figures for Dodge County, a dairy producing county, as is my entire district, show that the total number of farms decreased from 3,954 in 1954 to 3,641 in 1959 and the number of milk cows decreased from 73,002 to 70,524 over the same period. Dane County farms decreased from 5,094 to 4,614 in number, Jefferson County from 2,782 to 2,414, Columbia from 2,615 to 2,309 and Waukesha County from 2,669 to 1,883 in number over the 5-year period. The population of milk cows decreased in Dane County from 87,967 in 1954 to 83,963, in Jefferson County from 42,814 in 1954 to 38,756 in 1959, in Columbia County from 29,642 in 1954 to 27,392 in 1959 and in Waukesha County from 35,744 to 25,978 during the 5-year period.

This clearly demonstrates a trend away from the farm. The cost-price squeeze is driving people away from the farm. This not only causes the uprooted farmer the economic hardship of leaving his calling to learn another trade or business, but it also has serious repercussions in the small towns where the merchants see their customers leaving the farm to live, work and shop in the city.

I also want to call your attention to the warning signal provided by the statistics showing that our average farm population is growing older. For example, the average age of Dodge County farmers rose from 46.4 to 47.3 years of age between 1954 and 1959. This reflects the fact that young people are not going into farming. There is no future

for the young man raised on the farm to stay on the farm and take over when his father has to retire. The return for his effort is too small. When this generation of farmers is gone the United States will be hard put to find the know-how necessary to keep the Nation's and the world's granaries and food bins filled.

Similar statistics can be cited for each of the other four counties in my district and, I am sure, for other areas across the Nation.

This is what we are concerned with in considering this measure to increase support levels to approximate the average prices received by the farmer over the past year. We can and must act now to stop the tide carrying farmers away from the land. In the years ahead we will need an adequate and continuing supply of dairy products to meet all domestic needs and the needs of the food for peace program in crucial areas abroad.

This bill will provide the dairy farmer with a slightly better return for his efforts and also will serve as a floor to prevent his prices from slipping further during this marketing year.

I urge you to vote in favor of this bill.

Mr. FOGARTY. Mr. Chairman, I rise in objection to this bill and hope that it will not pass. I will vote against the bill. As I understand the situation at the present time is this:

First. Price support 75 percent parity or about \$3.05 per 100 pounds.

Second. Market price about \$3.25 per 100 pounds.

Third. Small volume of dairy products going into CCC stocks.

Fourth. Market is strong for milk and dairy products.

Fifth. The feed milk ration is favorable.

If this legislation is enacted my understanding is that the future situation will be as follows:

First. Price supports will be increased to about \$3.22 per 100 pounds up to about market.

Second. The support price will cause increased stocks to go to CCC, thus increasing cost of farm program.

Third. It will mean very little to dairy farmers but will be a windfall to processors who happen to have stocks of butter, cheese and dried milk, and other products.

This is a poor time, with conditions as good as they are under the present situation to be monkeying with the farm program. As I understand it, if this bill passes, this is what will happen.

This is bad legislation. It is not good for the farmer and I am sure it will cost the consumers more and also will raise the cost of the farm program by millions of dollars as far as the Federal Government is concerned.

Mr. STRATTON. Mr. Chairman, I rise in support of this legislation to increase the support price for milk. I am delighted to see this Congress take action which recognizes the need of our dairy farmers. I have the honor to represent one of the most important dairy farming districts in the Nation, the 32d of New York. Dairy farming is today

the single most important business in the great industrial State of New York.

Yet, for months, Mr. Chairman, I have been wondering whether, when we talk about farming and the farmers, we have not been forgetting about the dairy farmers of upstate New York. We have been anxious to raise the price of grains, which only serve as added costs to the dairy farmer. And while this has been going on, the income of the New York State dairy farmer has been steadily going down. According to a report recently issued in my State, and confirmed by the Department of Agriculture in a letter to me, the blend price of fluid milk in the New York milk marketing order area is expected to drop by some 19 cents per hundredweight below the price paid to farmers in 1959. I think it may well prove, judging by the way events are moving, that the ultimate price paid to our farmers will be even less than that before the year is out.

Needless to say, such a drop spells real trouble for our dairy farmers. Action must certainly be taken to help the dairy farmers, and it should be taken quickly.

This bill is a step in the right direction. It raises the floor under milk prices at a most critical time. I am hopeful that by passing this legislation we may set in motion a chain that will arrest the current skid of milk prices in New York State and begin to secure some measure of justice for our dairy farmers. We must set the price of milk back up where it will begin to cover the farmer's costs of production. This we must do promptly.

I therefore am glad to join in support of the bill and urge its adoption by a substantial majority.

Mr. WOLF. Mr. Chairman, I am supporting this bill. I would like to submit my statement before the Dairy Subcommittee, Committee on Agriculture, House of Representatives, Washington, D.C., June 8, 1960, in support of this bill:

Mr. Chairman, I am honored to appear before your subcommittee in behalf of my bill (H.R. 12394) to benefit Iowa milk producers by increasing the support price of manufacturing milk to \$3.25 per hundredweight and butterfat to 59.6 cents per pound. At the present time, milk is supported at \$3.06 per hundredweight and butterfat at 56.6 cents a pound, which is 77 percent of parity. I would like to see dairy supports returned to the 90 percent of parity level, and feel that dairy farmers are entitled to this support price, but agree with many of my colleagues that it is not realistic to press for that figure at this time.

Our dairy farmers cannot continue in business when their income has dropped almost 25 percent and their cost of family living items has gone up 6 percent during the last 8 years. An adequate supply of dairy products for domestic and foreign needs is jeopardized as more and more dairy farmers are caught in the cost-price squeeze and are forced out of business.

Dairy farmers and processors make an important contribution to our national economy, and they deserve a fair return on their investment and labor. In many areas today, dairy farm families are required to labor 3,300 hours each year to earn 56 cents an hour on an investment of \$32,000 in plant and equipment.

It is significant to state, Mr. Chairman, that the census recently taken in Iowa



showed that the small towns and rural areas are losing population very rapidly. The stability of these communities in my district, as in many others, hinges very much on the economic well-being of the dairy farmer because the dairy farmer produces the monthly milk check or cream check, and the protection of his investment in plant requires constant improvement or repair.

While the retail price of milk has been increasing, the farmer's share of the retail price has been decreasing. In 1952 the farmer's share of the retail price was 51 percent. In 1959 it was only 43 percent, a decrease of 8 percent during the 7-year period.

In 1959 an urban worker's family of three paid \$195 for the same quantity of dairy products—milk, butter, cheese, and ice cream—that it bought in 1952 for \$191. But farmers in 1952 received \$100 for these dairy products as compared with only \$88 in 1959. Processors and distributors, however, increased their take for their services from \$90 in 1952 to \$107 in 1959.

The dairy industry is made up of some 1,200,000 farmers and over 10,200 creameries, milk-drying plants, condenseries and other processing and distribution firms. The dairy plants employ more than 250,000 workers and carry an annual payroll of over \$500 million.

I believe that the small increase in support levels provided for in my bill would enable many of our dairy farmers to remain in business by providing a realistic floor to dairy income, and thereby assure the production of sufficient dairy products to meet domestic and foreign needs. It has been shown that the support level of manufacturing milk prices and fluid milk prices fall very closely along with each other; when one goes down, they all go down, when one goes up they all go up.

Our dairy farms carry a tremendous potential for good will in this tension-torn world. CARE packages have given a new lease on life to countless people in the free world; and milk has been introduced to schoolchildren in many foreign countries through the school milk programs carried out under Public Law 480. However, we have made only a beginning in sharing our food with the underprivileged people abroad.

In our own country we still have citizens who are inadequately fed to whom a greater distribution of dairy products should be made.

Another factor which we must consider is that the public is constantly demanding higher quality milk and dairy products—greater cleanliness and better flavor. Today, therefore, the dairy farmer attends schools, learning what diets to feed his cows so that the production will have the best flavor. Disease which used to be spread through the use of dairy products has been practically eliminated. All of this means that our dairy farmers have to make higher and higher investments and incur greater and greater costs of production.

It has been estimated that to maintain America's high standard diet, our dairy farmers by 1975 must produce 48 percent more dairy products than they are producing now.

To enable our dairy farmers to meet the higher costs of living and of production, to insure the continuance of a strong dairy industry, and to assure the production of enough dairy products to meet domestic and foreign needs, Mr. Chairman, I believe that the small increase in the support price for manufacturing milk called for in my bill is essential, and I hope that this subcommittee will see fit to report this legislation to the full committee.

Mr. Chairman, I hope the bill will pass and be signed by the President.

Mrs. FOST. Mr. Chairman, I heartily endorse this legislation which would give

security to the Nation's dairy farmers. I am proud to say that I introduced a bill, H.R. 3349, in January of 1959, practically identical to the one now being debated here on the floor today.

Dairying is one of the basic industries of Idaho and it forms a small but highly important part of the Nation's agricultural economy.

While I was in Idaho earlier this month, I was able to visit with a number of dairy farmers in the First Congressional District. Some of them were doing well, but the great bulk of them—mostly the small operators, who are the backbone of the industry—were caught in the same cost-price squeeze that has been draining the American farmer everywhere.

The prices these dairy farmers are receiving for their products in the marketplace are, relatively speaking, very low. The dairy farmer has had good years but I can say emphatically this is not one of them. While he has been getting these low prices, the cost of operating his farm and of feeding and clothing his family has increased many times over. In the end, and I have seen it happen all too often, he is forced to leave the land—to sell his farm and go to the city to compete there in an ever-dwindling job market.

I think the dairy farmers in Idaho and in the Nation deserve a fair shake. We can take a big step forward in helping them by passing this legislation which provides support prices on milk for manufacturing purposes at \$3.25 per hundredweight and 58.6 cents per pound for butterfat.

We must not adjourn tonight without adopting this measure. I hope that next January there will be other, constructive legislation relating to our dairy farmers which can be debated more carefully, earlier in the session. I hope such new legislation will go even farther in alleviating the conditions which now trouble the industry. I urge all of the members, therefore, to support the bill now under debate which would raise the basic support prices for milk and butterfat to a more realistic level, one more in tune with the economy.

Mr. COOLEY. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. JOHNSON], the chairman of our Subcommittee on Dairy and Poultry.

Mr. JOHNSON of Wisconsin. Mr. Chairman, I am very glad the House will have the opportunity to vote today on S. 2917, to raise the support price for milk for manufacturing purposes to \$3.22 per hundredweight and for butter to 59.6 cents per pound. The present floor under dairy products is \$3.06 per hundredweight for milk and butter at 56.6 cents a pound.

I was delighted to see the bipartisan support given the bill when it was introduced, debated, and passed in the Senate. The Senate bill was introduced by my Wisconsin colleague, Senator WILLIAM PROXMIER, and was cosponsored by the ranking Republican member of the Senate Agriculture Committee, Senator AIKEN, of Vermont. The following Senators also cosponsored the bill: Senator YOUNG and Senator BURDICK, of North Dakota; Senator MUNDT, of South Da-

kota; Senator KENNEDY, of Massachusetts; Senator HUMPHREY and Senator McCARTHY, of Minnesota; Senator SYMINGTON and Senator HENNINGS, of Missouri; Senator MAGNUSON and Senator JACKSON, of Washington; Senator PROUTY, of Vermont; Senator MORSE, of Oregon; Senator CARLSON, of Kansas; Senator McNAMARA, of Michigan; and Senator WILEY, of Wisconsin. These 18 Senators represent 10 States from the Atlantic to the Pacific.

In the House, a similar bill was introduced by me, and by the following Congressmen: HOGAN, of Indiana; KASTENMEIER and FLYNN, of Wisconsin; WOLF, of Iowa; and BREEDING, of Kansas. In addition, last session similar bills were introduced by Congresswoman PROST, of Idaho; Congressmen REES of Kansas, and McGOVERN, of South Dakota.

This is not a sectional bill, nor is it a one-party bill. It benefits all parts of the country and is advocated by Democratic and Republicans alike. The names of its sponsors show that. I also say in all sincerity that this bill, if enacted, will benefit our entire nation and the free world abroad in helping assure an adequate supply of healthful, nutritious dairy products. We want to make certain that our own school children, many of whom are returning to their desks this week, will have a steady supply of milk, butter and cheese under the school lunch programs. We want to assure our unfortunate needy at home that they can count on these nutritious foods in their diets on a year-round basis. They are not getting that now.

In addition to the people of this country who need more milk and dairy products, there are starving people around the world, with no dairy products. They die of malnutrition; they die of diseases caused by inadequate food. If we do not help them, many of these people will die or they will be forced to turn to Communist countries for assistance. That is what we mean by "food for peace."

Communist victories resulting from the U-2 incident, the summit breakup, the Cuban revolution, the overthrow of governments in Africa and Asia—all these are headline news. These problems are complicated and difficult to solve. But the strongest protests we received resulted not from these world-shaking events, but from the cutbacks in the availability of powdered milk last fall. The ambassadors of the United States to 92 countries protested. State departments of education and welfare from all parts of this country protested. The voluntary agencies, primarily religious groups, protested against cutbacks of nonfat dry milk to the people of this country and to the people of abroad. By the simple method of raising the price supports to a specified level which will stay the same throughout the season, we can prevent these cutbacks and we can assure an adequate supply of milk and dairy products to meet the most urgent needs in our States, in our armed services, wherever they may be, and among the freedom hungry people whose friendship we must have to survive against Communist competition.

The price supports provided in S. 2917 are exactly the same as the average



actual market price received by farmers for the entire 1959-60 marketing year. This bill simply guarantees the dairy farmers a higher floor on a year-round basis and assures minimum supply requirements with little or no added cost to either the consumer or the taxpayer. There need be no additional cost to the taxpayer because the milk and dairy products can be moved quickly from dairy plants to consumers without expensive storage costs. There need be no additional cost to consumers because the national level of prices to the farmers are approaching the price support level which this bill would provide for a year-round basis. What this bill will do, in effect, is to stabilize the price to the farmer from day to day and month to month on a year-round basis.

In this way the farmer knows what he can count on, in and out of season, just as the minimum wage legislation puts a year-round floor under salaries and wages.

Personally, I would like to see dairy farmers receive considerably higher prices and income. The reason this bill does not ask for that is the time element. We offer for your approval today a level of dairy price supports which is so moderate that it should not result in added taxes or added prices to consumers. Its twin purposes are to assure the farmers of a definite dollars-and-cents minimum price and to assure the Nation that we will have enough dairy products to meet our most urgent needs in all of the 50 States and in the most crucial parts of the world.

In view of the modest and simple nature of the bill, in view of the bipartisan support it has received in Congress, and in view of the speed and unchallenged voice vote with which this bill passed the Senate, I now urge the Members of the House to vote for the adoption of the identical text of the measure as approved by the Senate without any amendments, so we can send the bill to the President immediately.

(Mr. JOHNSON of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I rise in support of the bill S. 2917, which is temporary legislation. It only establishes the support level for manufacturing milk and butterfat at approximately present market levels for the remainder of the milk marketing year ending March 31, 1961. The average price received by farmers for the marketing year ending March 31, 1960, was \$3.23 for manufacturing milk and 59.5 cents for butterfat. The bill would tend to stabilize prices at about this level by establishing the support price at \$3.22 and 59.6 cents for manufacturing milk and butterfat, respectively; thus preventing the possibility of a price decline which, in view of cost increases since April 1, 1958, would present a different problem to dairy farmers.

The Department of Agriculture is opposed to the bill contending that it is not advisable to fix by law a specific support price for a particular marketing year without regard to current production and consumption conditions. There may be

some merit in this contention, but the fact remains that our entire farm population, including the dairy farmer, are in a tough price-cost squeeze at the present time. We all know that farm income has been declining while the costs of farm operations continue to rise.

Representing a great agricultural district, I want to vote for legislation which will protect the farmer's income whenever I have an opportunity to do so. The American farmer is entitled to his fair share of the national income and I shall continue to do my part in affording him that fair share to the best of my ability. Hence I fully support S. 2917.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. PIRNIE].

Mr. PIRNIE. Mr. Chairman, I rise in support of the pending measure and wish to associate myself with the remarks that the distinguished ranking minority member of the Committee on Agriculture made.

(Mr. PIRNIE asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. WESTLAND].

Mr. WESTLAND. Mr. Chairman, I am very much interested in any program that could benefit the dairymen, and I believe S. 2917 will benefit not only the dairymen of my own congressional district, but will also benefit the dairy farmers of the Nation.

This is a simple and moderate piece of legislation. S. 2917 seeks to increase the basic support for manufacturing milk from the present \$3.06 to \$3.22 a hundredweight and to increase the basic support for butterfat from 56.6 to 59.6 cents.

The proposal would be effective only through the present marketing year. Its principal effect would be simply to prevent dairy prices from going lower than the market. It would mean an increase in the present income of dairymen and would prevent these dairymen from suffering further drops in their incomes.

The average price received by farmers during the past marketing year was \$3.23 for manufacturing milk and 59.9 cents for butterfat. This bill would tend to stabilize prices at about this level and prevent the possibility of a price decline. Because the support level that would be established by this legislation is so near to the average price received by the farmers there would be little if any additional costs.

Mr. Chairman, let me quote from letters I have received during the past few weeks to show the problems the dairy farmers of my district face. One farmer wrote:

There has been a squeeze put on the dairy farmer the past few years that is getting worse all the time. The cost of living and the cost of almost everything we buy has increased, but the price of milk is as low as ever.

From another letter I quote:

As you know, the cost of producing milk has been going up for several years as has the cost of living, farm machinery, most of our feed supplies and all other equipment. In the meanwhile, the prices we get for our product has declined considerably during the past 8 years.

Another farmer wrote:

I am writing you because I'm a dairy farmer and am having a very hard time paying our bills from the price of milk. The cost of operating our farm is so high.

These are a few examples of the hardships faced by dairymen in my district. I believe S. 2917 will help these dairy farmers in a small way to meet the economic squeeze they find themselves in today. It is for this reason I support this legislation.

(Mr. WESTLAND asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I confess I speak more in dismay over what is happening here, and more for the record, than in the hope of changing the outcome of the vote on this bill.

I have a deep conviction which I have often expressed that it will be impossible to solve our pressing and urgent farm problems unless we can somehow manage to keep politics out of farming.

Every Member present knows that we have gone so far in the direction of political intervention in agriculture that the main political effort is no longer directed toward the solution of the farmers' problems. It is aimed at achieving the maximum political benefit in partisan politics.

That is the tragedy and failure of this bill. It is politics, pure and simple. It is not aimed at the solution of the dairy problem. It is aimed at November 8. It is not aimed at the economic well-being of the dairy farmer. It is aimed at the dairy farmer's vote.

This bill was born in politics. It is brought forth here, in an atmosphere heavy with the politics of a presidential campaign, in a session where politics predominates, with all of the haste and confusion which characterizes political measures. No bill so conceived and so considered can bring lasting benefit to American farmers.

I trust Members will listen when I say that I know of no industry more complex, where the factors which enter into the price structure are so many and varied, than the milk industry. Yet this bill, if it has any meaning at all, puts the U.S. Congress squarely in the business of establishing dollar and cent levels of minimum milk prices. It puts Congress in that business, not when a calm study of the entire problem is possible, but at the tag end of an unprecedented session when the mind of every Member is directed toward the political campaign even now underway. It puts the Congress in the business of setting a price in a complex industry for political reasons and with the hope of political



gain. The precedent we establish here today carries the promise of untold mischief for the future.

Moreover, while the political timing of this bill may be excellent, its economic timing is bad. Milk prices are now, more than ever before in our recent history, being set in a comparatively free market. There is competition for milk in numerous markets. Milk prices are above current support levels. This bill is political tinkering with a market which, if it needs anything, needs freedom from the heavy hand of a Congress bent on getting out of Washington at the earliest possible time.

Finally, this bill is meaningless as far as current prices to dairy farmers in the great producing areas are concerned. In Wisconsin, milk producers today are being paid in excess of the present support level. Even under this bill, the best estimate I have indicates that Wisconsin farmers are receiving more than 12 cents above the support level it provides. The only excuse for this bill is the expectation that it will convince the farmer that something is being done for him. It will not, however, affect his milk check.

I cannot support a meaningless bill. I cannot support a political gesture. I refuse to be party to legislation which can only place the farmer deeper and deeper in the mire of politics. I look toward the day when we can move in the other direction—away from political intervention and toward a real solution to the dairy and other farm problems.

Mr. COOLEY. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the gentleman who has just addressed the House says he is

amazed at the situation now confronting the House. I want to say to him that I am amazed that he should take the well of the House and indict so severely his own colleagues in both Houses of the Congress, charging them with playing politics in connection with this bill. I suppose the gentleman who addressed the House is up and above politics. If that was not a political speech that you have just heard, I have never heard one. What reason is there for you to indict the Republican members of the House Committee on Agriculture and the distinguished Senators who represent the gentleman's party in the other end of this Capitol by saying that they are playing politics with the welfare of the farmers of America? Are we playing politics when we bring out a bill here that puts a floor under the price that the farmers are now receiving? You have admitted that we are not increasing the farmer's check. The bill does not pretend to increase the farmer's check. It only pretends to do what it says, to put a floor under the price. The gentleman has a perfect right to vote against this bill and tell the farmers that he is voting against this bill, but do not indict the whole membership of the House and the other body.

In opposing this bill the gentleman, of course, is again placing his stamp of approval upon the program of Ezra Taft Benson whose program will lead irresistibly and inevitably to bankruptcy and ruin for the farmers of America. Go back to your district and tell your farmers that you are proud of Benson's record, which you have helped him to write. I think it will be a very difficult thing for you to do. You will have to sit down on the "tongues of all the wagons"

of your district and explain to your farmers the record you have helped to write here in the Congress of our great country.

Mr. Chairman, I do not believe that any member of the House Committee on Agriculture is a political demagogue nor do I believe that those who are supporting this bill are prompted by partisan politics. May I say to the gentleman from Wisconsin, perhaps your farmers will agree with the position you are here taking. That is their privilege. If the President signs this bill he will, from the White House, repudiate Mr. Benson and all that he stands for. If he does not sign it he will turn his back on all the dairy farmers of the country.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. QUIE].

(Mr. QUIE asked and was given permission to revise and extend his remarks.)

Mr. QUIE. Mr. Chairman, I am going to support this bill. It should not do much harm and it might do some good.

I heard it spoken so many times that this bill is not going to have any effect on producers dairy prices. Also we have heard that the farmers' prices are made in Washington, but somehow or other we find that the dairy farmers' prices are not made entirely in Washington. The support level is at 77 percent of parity, but the market price is considerably higher. So now we have to move support prices to the market level. This is not going to mean that everybody is going to get the support level, and, Mr. Chairman, I have a number of tables which will show you where each State stands in relation to the support level:

TABLE 1.—Prices paid producers for milk of manufacturing grade, by States, 1959, compared with U.S. average prices and price-support levels for manufacturing milk

State	Average price paid	Average test	Price per point of test	Price per hundredweight at U.S. average test	Deviation from U.S. average price	Deviation from U.S. support price <sup>1</sup>	Price per 3.5 test milk	Deviation from U.S. average price (3.5)	Deviation from U.S. support price at 3.5 <sup>2</sup>
New York.....	\$2.99	3.84	\$7.79	\$2.94	-\$0.23	-\$0.12	\$2.75	-\$0.21	-\$0.11
Ohio.....	3.32	3.97	8.36	3.16	-.01	+.10	2.93	-.01	+.09
Indiana.....	3.40	4.01	8.48	3.20	+.03	+.14	2.97	+.03	+.13
Illinois.....	3.21	3.73	9.60	3.25	+.08	+.19	3.01	+.07	+.17
Michigan.....	3.24	3.81	8.50	3.21	+.04	+.15	2.98	+.04	+.14
Wisconsin.....	3.12	3.68	8.48	3.20	+.03	+.14	2.97	+.03	+.13
Minnesota.....	3.00	3.48	8.62	3.26	+.09	+.20	3.02	+.08	+.18
Iowa.....	3.06	3.65	8.38	3.17	0	+.11	2.93	-.01	+.09
Missouri.....	3.34	4.22	7.91	2.99	-.13	-.07	2.77	-.17	-.07
South Dakota.....	2.82	3.50	8.06	3.05	-.12	-.01	2.82	-.12	-.02
Kansas.....	3.28	3.86	8.50	3.21	+.04	+.15	2.98	+.04	+.14
Virginia.....	3.37	4.26	7.91	2.99	-.13	-.07	2.77	-.17	-.07
North Carolina.....	3.47	4.51	7.69	2.91	-.26	-.15	2.69	-.25	-.15
Georgia.....	3.36	4.49	7.48	2.83	-.34	-.23	2.62	-.32	-.22
Kentucky.....	3.33	4.33	7.69	2.91	-.26	-.15	2.69	-.25	-.15
Tennessee.....	3.39	4.43	7.65	2.89	-.23	-.17	2.68	-.26	-.16
Alabama.....	3.27	4.32	7.57	2.86	-.31	-.20	2.65	-.29	-.19
Mississippi.....	3.37	4.38	7.69	2.91	-.26	-.15	2.69	-.25	-.15
Arkansas.....	3.32	4.26	7.79	2.94	-.23	-.12	2.73	-.21	-.11
Oklahoma.....	3.36	4.09	8.22	3.11	-.06	+.05	2.88	-.06	+.04
Texas.....	3.39	4.30	7.88	2.98	-.19	-.08	2.76	-.18	-.08
Montana.....	2.86	3.80	7.53	2.85	-.32	-.21	2.64	-.30	-.20
Idaho.....	3.23	3.77	8.57	3.24	+.07	+.18	3.00	+.06	+.16
Wyoming.....	2.99	3.45	8.67	3.28	+.11	+.22	3.03	+.09	+.19
Colorado.....	3.10	3.71	8.36	3.16	-.01	+.10	2.93	-.01	+.09
Utah.....	3.04	3.64	8.35	3.16	-.01	+.10	2.92	-.02	+.08
Washington.....	3.10	4.24	7.31	2.76	-.41	-.30	2.56	-.33	-.23
Oregon.....	3.65	4.39	8.31	3.14	-.03	+.08	2.91	-.03	+.07
California.....	3.28	3.84	8.54	3.23	+.06	+.17	2.99	+.05	+.15
United States.....	3.17	3.78	8.39	3.17	0	0	2.94	0	(2.84)

<sup>1</sup> U.S. support price=\$3.06 for U.S. average test milk.

<sup>2</sup> U.S. support for 3.5 percent milk=\$3.06÷3.78=8.10×3.5=\$2.84.



In Minnesota we are fortunate in receiving for manufactured milk 20 cents a hundred higher than the support level. There is only 1 State higher than that, Wyoming. But now let us look at the State of Washington. They receive 30 cents a hundred less than the support level. That means we are getting 50 cents a hundred more than the State of Washington. And, you can go down the line where Illinois is getting 19 cents more, Idaho 18, California 17, but then you go down to the State of New York it is 12 cents below the support level, and going down further into North Carolina it is 15 cents below the support level; Alabama 20 cents below the support level, Montana 21 cents below the support level, and Georgia 23 cents below the support level:

TABLE 2.—Ranking of States in prices paid producers for milk of manufacturing grade, 1959, as compared to U.S. average support level

[Price paid as compared to U.S. support level (cents percent) ]

Wyoming.....	+0.22
Minnesota.....	+0.20
Illinois.....	+0.19
Idaho.....	+0.18
California.....	+0.17
Kansas.....	+0.15
Michigan.....	+0.15
Wisconsin.....	+0.14
Indiana.....	+0.14
Iowa.....	+0.11
Ohio.....	+0.10
Colorado.....	+0.10
Utah.....	+0.10
Oregon.....	+0.08
Oklahoma.....	+0.05
South Dakota.....	-0.01
Virginia.....	-0.07
Missouri.....	-0.07
Texas.....	-0.08
New York.....	-0.12
Arkansas.....	-0.12
Kentucky.....	-0.15
Mississippi.....	-0.15
North Carolina.....	-0.15
Tennessee.....	-0.17
Alabama.....	-0.20
Montana.....	-0.21
Georgia.....	-0.23
Washington.....	-0.30

The following tables also point out the prices that are paid and the deviation on butterfat:

TABLE 3.—Prices paid producers for butterfat in cream, 1959, by States, compared to U.S. average and support level prices

State	Price butterfat	Deviation from U.S. average	Deviation from U.S. support level
Maine.....	61	+1.9	+4.4
Vermont.....	61	+1.9	+4.4
New York.....	52	-7.1	-4.6
Pennsylvania.....	53	-6.1	-3.6
Ohio.....	49	-10.1	-7.6
Indiana.....	50	-9.1	-6.6
Illinois.....	50	-9.1	-6.6
Michigan.....	60	+0.9	+3.4
Wisconsin.....	62	+2.9	+5.4
Minnesota.....	64	+4.9	+7.4
Iowa.....	63	+3.9	+6.4
Missouri.....	51	-8.1	-5.6
North Dakota.....	61	+1.9	+4.4
South Dakota.....	60	+0.9	+3.4
Nebraska.....	60	+0.9	+3.4
Kansas.....	55	-4.1	-1.6
Maryland.....	49	-10.1	-7.6
Virginia.....	50	-9.1	-6.6
West Virginia.....	47	-12.1	-9.6
North Carolina.....	50	-9.1	-6.6

TABLE 3.—Prices paid producers for butterfat in cream, 1959, by States, compared to U.S. average and support level prices—Con.

State	Price butterfat	Deviation from U.S. average	Deviation from U.S. support level
South Carolina.....	51	-8.1	-5.6
Georgia.....	51	-8.1	-5.6
Kentucky.....	45	-14.1	-11.6
Tennessee.....	45	-14.1	-11.6
Alabama.....	51	-8.1	-5.6
Mississippi.....	50	-9.1	-6.6
Arkansas.....	50	-9.1	-6.6
Louisiana.....	50	-9.1	-6.6
Oklahoma.....	53	-6.1	-3.6
Texas.....	49	-10.1	-7.6
Montana.....	61	+1.9	+4.4
Idaho.....	58	-1.1	+1.4
Wyoming.....	60	+0.9	+3.4
Colorado.....	58	-1.1	+1.4
New Mexico.....	57	-2.1	+0.4
Arizona.....	57	-2.1	+0.4
Utah.....	57	-2.1	+0.4
Nevada.....	63	+3.9	+6.4
Washington.....	58	-1.1	+1.4
Oregon.....	61	+1.9	+4.4
California.....	62	+2.9	+5.4
United States.....	59.1	0	0

Now, this is where the problem comes, and I think even though this bill is not going to hurt anything, we must be careful that we do not force the price of butter too high, because we can lose some markets.

Last year the price of butter went up a little bit and we lost markets to oleomargarine. But, lo and behold, when prices dropped a little bit we never got the market back again. So let us be sure that we do not force dairy farmers to loose their market for butterfat.

Referring again to these prices, Minnesota stands at the highest, paying 7.4 cents more than the support level. Tennessee is at the bottom. Kentucky is at 11.6 cents below the support level.

TABLE 4.—Ranking of States in prices paid producers for butterfat in cream, 1959, as compared to U.S. average price and price support level for butterfat

State	Price paid as compared to U.S. support level
Minnesota.....	+7.4
Iowa.....	+6.4
Nevada.....	+6.4
Wisconsin.....	+5.4
California.....	+5.4
Maine.....	+4.4
Vermont.....	+4.4
North Dakota.....	+4.4
Montana.....	+4.4
Oregon.....	+4.4
Michigan.....	+3.4
South Dakota.....	+3.4
Nebraska.....	+3.4
Wyoming.....	+3.4
Idaho.....	+1.4
Colorado.....	+1.4
Washington.....	+1.4
New Mexico.....	+0.4
Arizona.....	+0.4
Utah.....	+0.4
Kansas.....	-1.6
Pennsylvania.....	-3.6
Oklahoma.....	-3.6
New York.....	-4.6
Missouri.....	-5.6
South Carolina.....	-5.6
Georgia.....	-5.6
Alabama.....	-5.6
Indiana.....	-6.6
Illinois.....	-6.6
Virginia.....	-6.6
North Carolina.....	-6.6
Mississippi.....	-6.6
Arkansas.....	-6.6

TABLE 4.—Ranking of States in prices paid producers for butterfat in cream, 1959, as compared to U.S. average price and price support level for butterfat—Continued

	Price paid as compared to U.S. support level
Louisiana.....	-6.6
Ohio.....	-7.6
Maryland.....	-7.6
Texas.....	-7.6
West Virginia.....	-9.6
Kentucky.....	-11.6
Tennessee.....	-11.6

I should like also to point out how the parity equivalent of manufacturing milk is set. This is interesting and if we are to understand price supports on dairy products we should understand this, since the parity equivalent has been going down until this year. In "Agricultural Prices," January 1960, it states:

#### AGRICULTURAL PRICES, JANUARY 1960

##### PARITY

Current procedure for computing the parity equivalent for manufacturing milk as approved by the Secretary of Agriculture provides that (1) the parity equivalent for manufacturing milk shall be determined on the basis of the relation of (a) the average price received by farmers for all milk sold at wholesale to plants and dealers for the period July 1946 through the December preceding the date of computation to (b) the average price paid f.o.b. plant by processors for all milk sold by farmers for use in production of American cheese, evaporated milk, and butter and byproducts during the same period; (2) data for each year are to be added annually until 10 full calendar years are included in the comparison; (3) thereafter the parity equivalent during any calendar year will be determined on the basis of the relation between the averages of the respective series for the 10 calendar years immediately preceding.

The factor to be used during a particular calendar year is computed in January of that year using price data available at the date of computation. The factor to be used during 1960 is 80 percent, which compares with 80.2 percent during 1959. The parity price for all milk wholesale, \$4.99 per hundredweight based on data for January 1960; multiplied by 80 percent, results in \$3.99 per hundredweight, the parity equivalent for milk for manufacture based on data for January 1960. This parity equivalent applies to the national average price for all milk of average milkfat content used for the principal manufacturing purposes, calculated on an annual basis. It should be noted that the parity equivalent for milk for manufacturing is not in itself a parity price but rather is an administrative determination of an operating differential which is subject to revision as additional data become available or as experience indicates that the same purpose might better be achieved by calculating and applying revised differentials.

I shall not go any further with these statistics, but I invite Members to read them.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to my colleague, the gentleman from Pennsylvania [Mr. KEARNS].

Mr. KEARNS. Mr. Chairman, I want to say to my colleague that I admire his courage. He is a member of the Committee on Labor, with me. He still has his interest in labor problems as well as farm problems, and we appreciate so



much what he has given to the Committee on Labor along with his interest in agriculture.

Mr. QUIE. I thank the gentleman. I wish we were as successful in getting \$1.15 as a minimum wage as we are now in getting \$3.22 for milk.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman.

Mr. PELLY. The gentleman referred to the situation in the State of Washington. I would like to ask, if this bill passes whether it will mean an increase in price to the milk consumers in my State of Washington.

Mr. QUIE. I do not think it will. The processor does not have to pay the support level, and I doubt that fluid milk prices in the State of Washington will be affected by this bill. I attempted to add an amendment which would have made each processor who sold to the Government certify that he paid the support level to the producer, but my amendment did not carry in the committee.

Here is my amendment:

*Provided, That the lender upon or vendor of any milk, butterfat, and the products of such commodities shall certify that during the previous twelve-month period such lender or vendor has actually paid all producers from whom any such commodities were purchased not less than the support price established pursuant to this subsection.*

The purpose of this amendment is to require that any handler selling to or obtaining loans upon manufactured milk products must pay the minimum support price to farmers from whom he obtained these commodities. In order to be eligible for CCC loans or purchases, the handler would be required to sign a certificate that he paid the minimum support price on all dairy products he purchased from farmers.

I am not going to offer it here because I think it will hamper the bill, since I understand this is the last day of the session. But the only way we are going to make sure the producer will get the support level is to put an amendment of this nature onto the bill.

Mr. HOEVEN. Mr. Chairman, I yield such time as he may require to the gentleman from Utah [Mr. Dixon].

Mr. DIXON. Mr. Chairman, provisions of S. 2917, Senate Report No. 1592, which would increase dairy price supports for the remainder of the current marketing year to \$3.22 per hundredweight for manufacturing milk and 59.6 cents per pound for butterfat would tend to reverse the trend of recent years toward a more favorable balance between milk production and the consumption of dairy products.

First. Higher prices would increase milk production: Higher support prices would be a stimulus for increasing milk production. More reasonable supports have encouraged milk production to level off at around 125 billion pounds during the past 4 years. In the early fifties, under a high guaranteed support price, milk production shot upward creating the serious dairy surplus problem. High support prices set the stage for milk production to increase from 116.6 billion

pounds in 1952 to 125.5 billion pounds in 1956. The market could not absorb this added production and it was taken off through purchases of dairy products under the support program.

Second. Higher support prices could reduce consumption, increase food costs: Higher support prices very likely would reverse gains that have been made in increasing the consumption of dairy products. This would result in substituting Government purchasing for consumer buying of dairy products. Butter which faces strong competition from lower-priced spreads could be seriously damaged.

Third. Higher support prices could increase Government purchases and costs: Overall dairy purchases under price support during the last 2 marketing years have gone down. Higher support prices bringing increased production and reduced consumption could push purchases up.

Even if purchases were not increased as a result of the dairy support increase, Government costs would go up \$5 to \$10 million on the basis of current purchasing levels because of higher purchase prices.

Fourth. Fixed support price by legislative action had precedent: Fixing a specific level of dairy price support by law for a marketing year without regard to current production and consumption conditions is highly inadvisable. The law now requires the Secretary of Agriculture to support prices to producers for milk and butterfat at such level from 75 to 90 percent of parity. The law now leaves to the Secretary the determination of a support level within the authorized range that will accomplish the objectives of the act. The support prices of \$3.06 for manufacturing milk and 56.6 cents per pound for butterfat—both reflecting about 77 percent of parity—for the current 1960-61 marketing year were set after taking into consideration the production and consumption pattern for the year.

Fifth. Cash receipts from milk and butterfat estimated record for 1960: At current support levels, estimates are that cash receipts from farm sales of milk and butterfat in 1960 will reach \$4.7 billion, the highest on record.

Sixth. Increased Government activity robs free market interplay: With reduced purchases of dairy products by Government under support, the market operates more freely in performing various functions of storage, pricing, and inventory holding. Any increase in Government activity through larger purchasing tends to rob the market of these functions and destroy prices.

Seventh. Other crops would like a guarantee of 80½ percent of parity.

I am privileged to include a statement from our Secretary of Agriculture:

STATEMENT BY SECRETARY OF AGRICULTURE  
EZRA TAFT BENSON, AUGUST 6, 1960

S. 2917 to arbitrarily raise dairy supports is based on political expedience and not sound economics. Since adjusting price supports to more realistic levels in 1954, the industry has been moving steadily forward to a balanced position which will make 1960 the best year in history for dairying. Farm-

ers are now getting 85 percent of parity for all milk.

This legislation is a step backward. If enacted it will lose market for farmers, increase prices to consumers and pile up surpluses in Government warehouses at heavy costs to farmers and other taxpayers.

It is inconceivable that legislation would be sponsored to repeat the price-depressing buildup of surplus from which we have just emerged. Congress should quit tinkering with the dairy industry.

S. 2917 should, in the best interests of farmers and the entire dairy industry be decisively defeated.

#### FACTS REGARDING PROPOSED INCREASE FOR DAIRY PRICE SUPPORTS

First. Cash receipts for the current marketing year are expected to be the highest on record—\$4.7 billion. This improvement in the dairy situation is a reflection of many constructive factors.

Second. Dairy producers as of the middle of July were receiving 85 percent of parity on all milk sold at wholesale. The average price received was \$4.90 per hundredweight. It should be noted that there are no controls of dairy production.

Third. With the needed adjustments in price support levels, which occurred under this administration, the situation improved dramatically. As output has come more nearly in line with commercial demand, price support purchases fell sharply.

Fourth. The price support is not necessarily the market price. It is only true when the price support level is unrealistic and market destroying. For example, during 1959 the average market price for manufacturing milk was \$3.23 per hundredweight compared with a price support of \$3.06; for butterfat the average price received was 59½ cents per pound compared with a price support of 56.6 per pound. During the first 4 months of the current marketing year prices have been above that received a year earlier.

Fifth. Currently cheese is selling in Wisconsin for 34.9 cents per pound. Even if this price support proposal became law the current price is about 1 cent above the indicated support price. Thus farmers who sell to cheese plants will not get more under this proposal. On the other hand it will have adverse effects. It will stimulate increased production which will go into Government storage and once more place the dairy industry in a surplus position. Farmers need markets not more warehouses in which to store dairy products. The present prices above the support level indicate that the current program is working and that production is going into markets.

Sixth. It should be noted that in addition to the direct price support program, legislation is in effect which authorizes expenditures to increase the consumption of whole milk among school children in the United States. The Government pays the cost of milk consumed by the children over and above the quantities included as part of the lunches served under the school lunch program. This program has grown from approximately 500 million pounds in 1955 to 1.2 billion pounds in 1959. It is expected to be even higher in 1960.



Seventh. Also, a program was inaugurated to increase the consumption of fluid milk by personnel in the military services and Veterans' Administration hospitals. The legislation was broadened in 1958 to include the Coast Guard and Merchant Marine Academy. The CCC has reimbursed these agencies for part of the cost of milk used over their normal purchases. The reimbursement rate has been approximately the amount which CCC otherwise would have spent to purchase, store and handle butter and nonfat dry milk under the price support program. The total milk used by these services has more than doubled with the program.

Eighth. Contrary to the impression of many people the current level of price support for dairy products is not at the minimum permitted by law. The current level of price support was set at 77 percent of parity.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, before we vote on this bill, I would like to make several things very clear. First, we are voting on a bill which provides for \$3.22 support level on manufacturing milk with a butterfat content of 3.86. Many people have said and many newspaper reports have carried stories in Wisconsin that this particular bill provided for \$3.22 on the basis of Wisconsin pay prices. That is not the case. This assumption is not true. The pay price for manufacturing milk in Wisconsin is based on the 3.5 butterfat test and almost all milk producers and processors will find that fact clearly set forth on the pay receipt.

On the basis of this bill, for 3.5 milk, the support level will be raised from \$2.77 to \$2.92. This comes about through raising the price support on 3.86 butterfat content milk from \$3.06 to \$3.22.

How will this affect the price of cheese in Wisconsin? The cheese-pay price on the Green Bay Board closed on Friday of this past week at 35 cents a pound. This is not assembled cheese and the Government buys only assembled cheese which would aid from seven-eighths cents to 1¼ cents per pound. Under the terms of this particular bill the price support level will be raised to 34¼ cents. It will be below the market price at Green Bay which was 35 cents as of the close of the market last Friday. And you add to that seven-eighths of a cent to 1¼ cents before the Government would get this unassembled cheese, which would make the price the Government would have to pay, according to the Green Bay market, 35⅞ cents to 36¼ cents.

I personally feel that action needs to be taken by the Congress in order to freeze the parity equivalent of manufactured milk. We have seen since 1946 the increase in fluid prices throughout the United States. The parity equivalent of manufactured milk has gone from approximately 88 percent to 82.5 percent. The manufactured milk producing areas have suffered tremendously. As far as the farmer is concerned the parity equivalent is the important thing to keep in mind.

I have had legislation before the House Committee on Agriculture which would freeze the parity equivalent on manufactured milk so that we would have a constant parity equivalent. The dairy industry could make plans on a long-term basis only in this way. This would be a better way of attacking the problem facing the manufacturing milk producer. It would be a sounder solution to change the parity equivalent because of the changes which have taken place in the milk market. My bill would have improved prices to farmers in Wisconsin. This bill does nothing for the pocketbook of my milk producers and for that I have deep regrets.

I am supporting the passage of this bill, but I do want farmers particularly back in my Wisconsin congressional district to understand that on the basis of the Chicago butter market, on the basis of the Green Bay cheese market, this particular bill is setting a floor which is much lower than the market price. It is much lower than the projections for the manufactured milk prices in Wisconsin through the period of time this legislation will be in existence. I think everyone realizes that this bill is only good until April 1 of 1961.

Below is a chart listing the present support prices, present Wisconsin pay prices, and the future price support levels under this bill:

	Present support level	Support level under this bill	Present Wisconsin market prices
Manufacturing milk: 3.86 butterfat content.....	\$3.06	\$3.22	\$3.41
3.5 butterfat content.....	2.77	2.92	3.10
Cheese.....	.32¾	.34¼	.35
Butter.....	.58	.604	.63
Dry milk, nonfat milk solids.....	.12	.12¾	.12¾

Before a vote is taken on this short-term proposal, I think there are some basic facts which should be understood regarding the dairy industry.

First. Cash receipts for the current marketing year are expected to be the highest on record—\$4.7 billion. This improvement in the dairy situation is a reflection of many constructive factors.

Second. The dairy industry through promotion and realistic assistance by the Government has continued its progressive advancement toward balancing its output with effective demand for dairy products.

Third. By the end of 1959, production was only a little in excess of the demand at market prices. This is a great change from the surplus position which existed in the dairy industry only a few years ago. This surplus was generated because dairy products were being priced out of their markets.

Fourth. There are many Members of the Congress who believe that the price support is necessarily the market price. This is not necessarily so. It is only true when the price support level is unrealistic and market destroying. For example, during 1959 the average market price for manufacturing milk was \$3.23 per hundredweight, compared with a price sup-

port of \$3.06; for butterfat the average price received was 59½ cents per pound compared with a price support of 56.6 cents per pound. During the first 4 months of the current marketing year prices have been above that received a year earlier.

Fifth. Some Members of Congress may vote for this bill on the mistaken assumption that farmers will get more for their dairy products. I wish to point out that currently cheese is selling in Wisconsin for 35 cents per pound. Even if this price support proposal became law the current price is more than 1 cent a pound above the indicated support price. Therefore, it is the sheerest political demagoguery to assume that farmers in my district will get more money for their milk next month or the months following because of the passage of this bill.

Mr. Chairman, if the majority party really wants to help the Wisconsin dairy farmer let them pass the free flow of milk bill introduced in this session of Congress by 10 members of their party and 10 members of my party. This legislation would be a major accomplishment and would be truly meaningful to the farmers of Wisconsin. Our Wisconsin farmers must move 85 percent of our milk production outside our State boundaries. At the present time only 15 percent of our milk production can move outside our State in the form of fluid milk because of the unrealistic sanitary standards established as milk barriers against the free flow of USPHS Code approved milk.

The Republican and Democratic Platform Committees, meeting in Chicago and Los Angeles, respectively, were asked to include in their platforms a pledge endorsing the free movement of milk bill. What happened? The Democratic Platform Committee turned its back on the Midwest dairy farmer and rejected any mention of support for this important legislation.

What did the Republicans say in Chicago? The Republican platform says: "We pledge free movement in interstate commerce of agricultural commodities meeting Federal health standards."

Mr. Chairman, the point I make is quite clear. The free-movement-of-milk bill not only had the support of the Eisenhower administration through a favorable report from HEW, it was supported by the Republican Party in its platform. It is a great disappointment to Wisconsin dairy farmers that this legislation has not been acted on in the Congress with its 2 to 1 Democratic majority.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, our lovable and good friend from North Carolina, the chairman of the Agriculture Committee, just reached the height of absurdity when he said, believe it or not, that we were here talking politics. What did the leaders call us back for? To get a start on the campaign.



Mr. COOLEY. I did not call you back.

Mr. HOFFMAN of Michigan. Oh, well, who did? Your leaders, your candidates for President. Get up and answer instead of grumbling. Politics? Of course they were talking politics. Obtaining political advantage was the purpose of our return. But who is the gentleman from North Carolina, the chairman of the Agriculture Committee, Mr. COOLEY, to criticize the gentleman from Wisconsin, JOHNNY BYRNES? Did we ever have a more able, conscientious, patriotic, and effective legislator here on either side than JOHNNY BYRNES? Not since I came here in January of 1935. You know that and my lovable friend from North Carolina, who grows tobacco in such large quantities—you remember when he had his picture in that expensive brochure with Walter Reuther paid for by the Union. The gentleman does not talk politics? Neither does his party. Little else has been talked this session. Reuther gives the orders to KENNEDY and KENNEDY sends them on to JOHNSON, and the instructions or rather the requests follow on down to us, to the Speaker and the gentlemen over there. Politics? Nobody is engaged in politics. Oh, no.

Yes, boo some more. It always hurts you when you get the truth.

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. ANDERSEN].

(Mr. ANDERSEN of Minnesota asked and was given permission to revise and extend his remarks.)

[Mr. ANDERSEN of Minnesota addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JONES of Missouri. I was going to ask the gentleman from Minnesota to yield. I am on your side to try to help the farmers.

Mr. ANDERSEN of Minnesota. May I say that I have great appreciation for the splendid job the gentleman from Missouri has done through the years on behalf of the farmers. I regret I did not have time to yield to him.

Mr. JONES of Missouri. I wanted to tell the gentleman that if he would offer his green acres bill as an amendment to this bill I am sure that if he got half the support on his side that he would on our side we could get that bill passed tonight.

Mr. ANDERSEN of Minnesota. H.R. 12000, the green acres bill, is ready to go. Mr. JENSEN and I have tried to get it seriously considered.

Mr. JONES of Missouri. We do not have a rule on it. Offer it as an amendment to this bill. Let us go with it. I would like to see how many votes we could get over there. I do not know whether the gentleman realizes it or not, but this House has passed farm legislation that the President has vetoed. Will you not answer that question?

Mr. ANDERSEN of Minnesota. Yes; I will answer. The gentleman is partially correct.

Mr. JONES of Missouri. Has not the President vetoed farm legislation he voted for?

Mr. ANDERSEN of Minnesota. Let me say to the gentleman that it is our

responsibility to pass legislation. Yes, the President has vetoed farm legislation I have voted for. That is his decision.

Mr. JONES of Missouri. I insist: Has not the President vetoed some legislation the gentleman from Minnesota voted for that would help the farmers? Answer that question.

Mr. ANDERSEN of Minnesota. I am answering your question. After we discharge our duty in passing legislation, then it is up to the President to sign or veto the bill.

Mr. JONES of Missouri. I am not going to yield for any other purpose.

Mr. ANDERSEN of Minnesota. It is our responsibility to pass farm legislation, I repeat to my good friend from Missouri. That comes first. What the President does is then his responsibility, not ours.

Mr. JONES of Missouri. We passed it. Get your President on the right side; we are ready to go.

Mr. Chairman, I yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended, is further amended by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the period beginning with the enactment of this sentence and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."*

The CHAIRMAN. There being no amendments, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 2917) to establish a price support level for milk and butterfat, pursuant to House Resolution 636, he reported the bill back to the House.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the third reading of the Senate bill.

The bill was read a third time.

Mr. ANDERSEN of Minnesota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ANDERSEN of Minnesota. Would it be possible by unanimous consent to return to the amendment stage?

The SPEAKER. It would not. The previous question has already been ordered. All amendments and all debate are exhausted.

The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. FULTON) there were yeas 171, noes 32.

So the bill was passed, and a motion to reconsider was laid on the table.

## SPEAKER EMPOWERED TO DECLARE A RECESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that during this legislative day it may be in order for the Speaker to declare a recess, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McGOWN, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13161) entitled "An act making supplemental appropriations for the fiscal year ending June 30, 1961, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 3, 16, 23, 30, 34, 37, 56, 63, and 84 to the above-entitled bill.

The message further announced that the Senate recedes from its amendments Nos. 7, 8, 9, 10, 11, 12, 13, 14, 15, and 62.

## PROVIDING FOR EDUCATION AND TRAINING FOR THE CHILDREN OF VETERANS

Mr. THORNBERRY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 4306) to provide education and training for the children of veterans dying of a service-connected disability incurred after January 31, 1955, and before the end of compulsory military service, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert the following: "That paragraph (1) of section 1701(a) of title 38, United States Code, is amended—

"(1) by striking out in the first sentence of such paragraph 'or the Korean conflict' and inserting in lieu thereof 'the Korean conflict, or the induction period';

"(2) by inserting in the second sentence of such paragraph immediately after 'disability' the following: 'arising out of service during the Spanish-American War, World War I, World War II, or the Korean conflict'; and

"(3) by adding at the end of such paragraph the following new sentence: 'The standards and criteria for determining whether or not a disability arising out of service during the induction period is service-connected shall be those applicable under chapter 11 of this title, except that the disability must (A) be shown to have directly resulted from, and the causative factor therefor must be shown to have arisen out of, the performance of active military, naval, or air service (but not including service described under section 106 of this title), or (B) have resulted (i) directly from armed conflict or (ii) from an injury or disease received while engaged in extrahazardous service (including such service under conditions simulating war).'









Public Law 86-799  
86th Congress, S. 2917  
September 16, 1960

AN ACT

74 STAT. 1054.

To establish a price support level for milk and butterfat.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (c) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended, is further amended by adding the following new sentence to be inserted immediately after the first sentence: "Notwithstanding the foregoing provisions, for the period beginning with the enactment of this sentence and ending March 31, 1961, the price of milk for manufacturing purposes and the price of butterfat shall be supported at not less than \$3.22 per hundredweight and 59.6 cents per pound, respectively."

Milk and butterfat.

Price support.  
68 Stat. 899.

Approved September 16, 1960.





September 16, 1960

Anne Wheaton, Associate Press Secretary to the President

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I have today signed S. 2917, setting minimum price supports until March 31, 1961 for butterfat and milk for manufacturing purposes. The price of fluid milk, not subject to price support legislation, is not dealt with in the bill.

In 1954, the Congress turned away from rigid price supports and authorized the administrative determination of price support levels, within a stated range, so that agricultural production could be brought into line with demand. S. 2917 elevates minimum support prices for butterfat and manufacturing milk above present support levels and, if continued in effect beyond its termination date, could pose the threat of a return to the disastrous dairy surplus situation of only a few years ago.

The bill would have little practical effect, however, for present prices in the market place for butterfat and manufacturing milk are, depending on the item, above, at or only slightly below the minimum prices that S. 2917 would establish. Moreover, the bill by its own terms will expire on March 31st of the new year.

The bill, therefore, can do little, if anything, to benefit the dairy farmer and, even more important, will do him little harm. Nor should it add materially to the cost of the Federal Government's dairy product price support programs or have a significant effect, if any at all, on the prices of dairy products to consumers.

For these reasons, and because I am mindful that the Congress -- which passed the bill overwhelmingly -- has by its adjournment no opportunity to attempt to override a veto, I concluded that the bill could and should be signed. These reasons seem to me the more compelling because this is an election year. Had the bill been presented to me under different circumstances, however, I doubtless would have withheld my approval because the bill on its face violates long established and well-known policies of this Administration. But because its practical effects are negligible -- and hence the violations more theoretical than real -- I believe it my duty this year to avoid so far as possible any action on my part that would only serve to engender intensely partisan political charges and counter-charges in the dairy regions.

Early next year the new administration will be confronted with this problem, but it will then be very real, for any extension of S. 2917 would pose the serious threat I have described. At that time, however, the matter can be discussed and resolved in an atmosphere free of election year politics. In that regard, I wish it to be perfectly clear that for my part I shall continue to support the policy that agricultural production must eventually be controlled by economic law rather than by political maneuvering. Until this has happened, there can be no settlement of the so-called "farm problem" and no sound prosperity for the family-size farm.

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